

# **Kerrisdale Community Centre Society**

**Financial Statements**

**For the Year Ended August 31, 2016**

## 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, 2016, 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, 2016 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 Societies 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.

*Sidhu Straker & Associates*

Chartered Professional Accountants  
Vancouver, British Columbia  
December 2, 2016

# Kerrisdale Community Centre Society

## Statement of Financial Position

As at August 31	2016	2015
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 411,542	\$ 675,207
Term deposits (note 5)	679,500	739,500
Accounts receivable	219,632	86,028
Interest receivable	82,596	77,032
Prepaid expenses	23,462	21,475
	<u>1,416,732</u>	<u>1,599,242</u>
Term deposits (note 5)	1,661,985	1,332,032
Property and equipment (note 6)	87,200	68,769
	<u>\$ 3,165,917</u>	<u>\$ 3,000,043</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 136,937	\$ 223,227
Deferred revenue	237,046	271,487
Contingent liabilities (note 8)	781,478	632,227
	<u>1,155,461</u>	<u>1,126,941</u>
<b>Net Assets</b>		
Invested in equipment	87,200	68,769
Restricted (Note 9)	53,684	64,379
Unrestricted	1,869,572	1,739,954
	<u>2,010,456</u>	<u>1,873,102</u>
	<u>\$ 3,165,917</u>	<u>\$ 3,000,043</u>

Going concern (note 2)

On behalf of the board:

Kenneth Boyd, President

George, 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, 2016

	Invested in equipment	Restricted	Unrestricted	Total
Balance, August 31, 2014	\$ 68,259	\$ 61,683	\$ 1,793,938	\$ 1,862,197
Acquisition of equipment	41,021	-	(41,021)	-
Deficiency of revenues over expenses	<u>(40,511)</u>	<u>2,696</u>	<u>(12,963)</u>	<u>(50,778)</u>
Balance, August 31, 2015	<b>68,769</b>	<b>64,379</b>	<b>1,739,954</b>	<b>1,811,419</b>
Acquisition of equipment	51,195	-	(51,195)	-
(Deficiency) excess of revenues over expenses	<u>(32,764)</u>	<u>(10,695)</u>	<u>180,813</u>	<u>137,354</u>
Balance, August 31, 2016	<b>\$ 87,200</b>	<b>\$ 53,684</b>	<b>\$ 1,869,572</b>	<b>\$ 1,948,773</b>

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

# Kerrisdale Community Centre Society

## Statement of Operations

For the Year Ended August 31	2016	2015
Revenues		
Programs (Schedule 1)	\$ 1,987,103	\$ 1,987,143
Membership dues	103,499	105,077
Other	87,274	78,873
	<u>2,177,876</u>	<u>2,171,093</u>
Expenses		
Programs (Schedule 1)	1,332,757	1,354,122
General and administrative (Schedule 2)	697,070	870,445
	<u>2,029,827</u>	<u>2,224,567</u>
Excess (deficiency) of revenues over expenses	\$ <u>148,049</u>	\$ <u>(53,474)</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

2016

2015

### Cash and cash equivalents provided by (used in)

#### Operating activities

Excess (deficiency) of revenues over expenses \$ 137,354 \$ (53,474)

#### Items not involving cash

Amortization 32,764 40,511

170,118 (12,963)

#### Changes in non-cash working capital

Temporary investments 60,000 (268,125)

Accounts receivable (133,604) (65,405)

Interest receivable (5,564) (24,430)

Prepaid expenses (1,987) (1,046)

Accounts payable and accrued liabilities (86,290) 161,459

Unearned revenue (34,441) (122,662)

Contingent liabilities 149,251 151,671

(52,635) (168,538)

117,483 (181,501)

#### Investing activities

Investments, net (329,953) (45,032)

Purchase of property and equipment (51,195) (41,021)

(381,148) (86,053)

Decrease in cash and cash equivalents

(263,665) (267,554)

Cash and cash equivalents, beginning of year

675,207 942,761

Cash and cash equivalents, end of year

\$ 411,542 \$ 675,207

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

# Kerrisdale Community Centre Society

## Notes to the Financial Statements

August 31, 2016

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### 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").

### 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.

#### 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 at time of purchase.

#### 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.

# Kerrisdale Community Centre Society

## Notes to the Financial Statements

August 31, 2016

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### 3. Significant accounting policies (continued)

#### Revenue recognition

The Society follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as restricted fund revenue in the year they are received. 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.

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

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.



# Kerrisdale Community Centre Society

## Notes to the Financial Statements

August 31, 2016

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### 3. Significant accounting policies (continued)

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, British Columbia 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, 2016

### 5. Term deposits

	<u>2016</u>	<u>2015</u>
Restricted	\$ 12,000	\$ 5,547
Unrestricted	<u>2,329,485</u>	<u>2,065,985</u>
	2,341,485	2,071,532
Less: Term deposits maturing within one year	<u>(679,500)</u>	<u>(739,500)</u>
	<u>\$ 1,661,985</u>	<u>\$ 1,332,032</u>

### 6. Property and equipment

	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Net Book</u>
	<u>2016</u>	<u>Amortization</u>	<u>Value</u>	<u>Value</u>
	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 146,318	\$ 144,346	\$ 1,972	\$ -
Furniture and fixtures	1,167,968	1,082,740	85,228	68,769
Passenger vehicle	<u>116,907</u>	<u>116,907</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,431,193</u>	<u>\$ 1,343,993</u>	<u>\$ 87,200</u>	<u>\$ 68,769</u>

### 7. Accounts payable and accrued liabilities

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued liabilities	\$ 127,464	\$ 219,775
Goods and services tax payable	<u>9,473</u>	<u>3,452</u>
	<u>\$ 136,937</u>	<u>\$ 223,227</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, 2016.

### 9. Restricted funds

Restricted funds represent amounts that have been set aside in reserve for specific purposes by the board of directors.

# Kerrisdale Community Centre Society

## Schedule 1 – Program Activities

<b>For the Year Ended August 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Children's programs	\$ 517,411	\$ 535,408
Adult programs	391,066	378,251
Preschool programs	186,043	216,422
Fitness and exercise programs	220,604	207,221
Seniors' kitchen	181,339	169,623
Seniors' programs	167,925	152,412
Aerobics programs	107,107	114,044
Youth programs	106,717	115,808
Play Palace	44,429	42,792
Skate lessons	61,432	54,240
Special events	3,030	922
	<u>1,987,103</u>	<u>1,987,143</u>
<b>Expenses</b>		
Children's programs	351,378	361,564
Adult programs	257,602	251,714
Seniors' kitchen	232,286	226,128
Preschool programs	120,839	144,752
Seniors' programs	115,358	105,552
Youth programs	84,272	86,899
Aerobics programs	50,167	52,649
Program wages	18,890	10,063
Fitness and exercise programs	24,137	27,661
Play Palace	21,162	25,764
Skate lessons	50,979	57,376
Special events	5,687	4,000
	<u>1,332,757</u>	<u>1,354,122</u>
<b>Excess of revenues over expenses</b>	<b>\$ 654,346</b>	<b>\$ 633,021</b>

# Kerrisdale Community Centre Society

## Schedule 2 – General and Administrative Expenses

For the Year Ended August 31

	2016	2015
Operating expenses		
Advertising and promotion	\$ 11,788	\$ 22,888
Amortization	32,764	40,511
Board expenses	16,182	23,010
Conference expenses	7,170	5,729
Consulting and needs assessment fees	16,000	-
Interest and bank charges	43,347	75,650
Miscellaneous	17,871	6,338
Office and sundry	8,304	11,865
Professional fees	5,000	55,000
Programs and newsletters	88,205	90,424
Repairs and maintenance	13,348	7,253
Wages and benefits	437,091	531,777
	<u>\$ 697,070</u>	<u>\$ 870,445</u>