
THE KERRISDALE COMMUNITY CENTRE SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019



INDEPENDENT AUDITORS' REPORT

To the Members of The Kerrisdale Community Centre Society

Report on the Financial Statements

Opinion

We have audited the financial statements of The Kerrisdale Community Centre Society (the "Society"), which comprise the statement of financial position as at August 31, 2019, and the statements of changes in net assets, operations, and 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 Society as at August 31, 2019, 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 (ANSPO) applied on a consistent basis.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with 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.

Comparative Information

The financial statements of the Society for the year ended August 31, 2018 were audited by another firm of accountants, whose report dated December 19, 2018, expressed an unqualified audit opinion.

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 ANSPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



Auditors' 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 auditors' 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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 of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

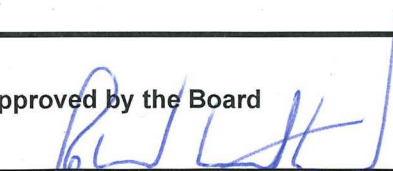
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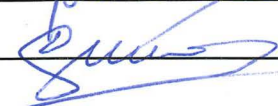
Chartered Professional Accountants
Vancouver, British Columbia
December 19, 2019

THE KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 179,999	\$ 504,615
Portfolio investments	376,899	75,237
Term deposits (Note 3)	700,000	584,500
Accounts receivable	119,364	50,133
Interest receivable	64,178	10,332
Prepaid expenses	26,573	24,455
	1,467,013	1,249,272
TERM DEPOSITS (Note 3)	1,792,900	1,880,000
INTEREST RECEIVABLE	73,596	83,581
EQUIPMENT (Note 4)	112,706	125,374
	\$ 3,446,215	\$ 3,338,227
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 200,545	\$ 231,511
Deferred revenue (Note 6)	256,497	203,520
Due to other Community Centre Societies	1,336	2,547
	458,378	437,578
NET ASSETS		
Invested in equipment	112,706	125,374
Internally restricted	734,428	657,011
Externally restricted	9,500	-
Unrestricted	2,131,203	2,118,264
	2,987,837	2,900,649
	\$ 3,446,215	\$ 3,338,227

Approved by the Board


 _____ President


 _____ Treasurer

THE KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019

	Invested in equipment	Internally restricted	Externally restricted	Unrestricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 125,374	\$ 657,011	\$ -	\$ 2,118,264	\$ 2,900,649	\$ 2,229,969
Acquisition of equipment	31,517	-	-	(31,517)	-	-
Excess (deficiency) of revenues over expenses	(44,185)	77,417	9,500	44,456	87,188	670,680
NET ASSETS - END OF YEAR	\$ 112,706	\$ 734,428	\$ 9,500	\$ 2,131,203	\$ 2,987,837	\$ 2,900,649

THE KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018
REVENUES		
Program activities (<i>Schedule 1</i>)	\$ 2,181,083	\$ 2,155,267
Membership dues	-	93,680
Rental revenue	30,376	26,693
Donations and grants	19,300	1,380
Restricted donations	9,500	-
Other operating revenue	41,503	27,220
	2,281,762	2,304,240
EXPENSES		
Program Activities (<i>Schedule 1</i>)	1,444,356	1,451,419
General and administrative expenses (<i>Schedule 2</i>)	818,971	820,830
	2,263,327	2,272,249
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	18,435	31,991
OTHER INCOME		
Investment income	68,753	55,213
Gain on settlement of legal dispute	-	583,476
	68,753	638,689
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 87,188	\$ 670,680

THE KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 87,188	\$ 670,680
Items not affecting cash:		
Amortization of equipment	44,185	41,780
Gain on settlement of legal dispute	-	(583,476)
	131,373	128,984
Changes in non-cash working capital:		
Accounts receivable	(69,231)	180,502
Interest receivable	(43,862)	2,608
Prepaid expenses	(2,118)	(284)
Accounts payable and accrued liabilities	(30,966)	21,183
Due to other Community Centre Societies	(1,211)	-
Deferred revenue	52,977	(7,176)
Contingent liabilities	-	(338,567)
	(94,411)	(141,734)
	36,962	(12,750)
INVESTING ACTIVITIES		
Purchase of equipment	(31,517)	(65,110)
Portfolio investments, net	(301,661)	(75,237)
Term deposits, net	(28,400)	(133,415)
	(361,578)	(273,762)
DECREASE IN CASH AND CASH EQUIVALENTS	(324,616)	(286,512)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	504,615	791,127
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 179,999	\$ 504,615

See notes to financial statements

THE KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

PURPOSE OF THE SOCIETY

The Kerrisdale Community Centre Society (the "Society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia in 1942, and continues under the Societies Act of British Columbia. The Society is a registered charity and as such, is exempt from income taxes under the Income Tax Act (Canada).

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").

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(b) Fund accounting

The Society follows the restricted fund method of accounting for contributions.

The Unrestricted Fund represents for the Society's program and administrative activities.

The Internally Restricted Fund represents donations received, which have been designated for specific purposes by the Society and the investment income earned on these funds.

The Externally Restricted Fund represents donations received, which have been designated for specific purposes by the donor.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on deposit, money market funds, and highly liquid debt instruments with a maturity of less than 90 days at the time of purchase.

THE KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) Equipment

Equipment is stated at cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates:

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

The Society monitors the recoverability of its equipment based on its long-term service potential. When equipment no longer has any service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs recognized under this policy are not reversed.

Equipment acquired during the year but not placed into use is not amortized until it is placed into use.

(e) Revenue recognition

The Society follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as restricted fund revenue in the year in 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 programs, rentals, and other activities are recognized as revenue proportionately over the session period to which they relate. Membership dues are taken into income on a pro rata basis over the term of the membership. Based on the new joint operating agreement between the Society and the Park Board, the Society is no longer eligible to collect membership dues starting in the fiscal year ending August 31, 2019.

(f) Contributed services and materials

The Society benefits from both the contribution of time by volunteers and donated materials. The fair value of donated materials and services is not reflected in these financial statements.

(g) Allocation of expenses

The Society reports its expenditures by nature and provides supplementary information about the allocation of expenditures in the Schedule of Program Activities. Allocations in this Schedule are based on a direct assignment of costs attributable to each program.

(h) 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Management believes that such estimates are reasonable and prudent, however actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the collectibility of accounts receivable, the useful lives of assets for amortization, and amounts recorded as accrued liabilities and deferred revenue.

THE KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(i) Financial instruments

Measurement:

The Society's financial instruments consist of cash and cash equivalents, portfolio investments, term deposits, accounts receivable, accounts payable and due to other Community Centre Societies. The Society initially measures its financial assets and liabilities issued or assumed in an arm's length transaction at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost except for portfolio investments, which are quoted in an active market, and are therefore accounted at fair value.

Impairment:

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenses in the period in which it is determined.

2. FINANCIAL INSTRUMENTS RISKS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of August 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its accounts receivable. The Society reduces its exposure to credit risk by ensuring that the Society does not rely on the inflows from a counter party, but manages its cash balances and cash flows generated internally to cover expected future cash outflows. In management's opinion, the credit risk exposure to the Society is low and there has been no change in risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and monitors its cash balances and cash flows generated from operations against its anticipated outflows. In management's opinion, the liquidity risk exposure to the Society is low and there has been no change in risk exposure from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk on its term deposits and portfolio investments.

THE KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to currency risk on portfolio investments that include foreign holdings. The Society does not use derivative instruments to reduce its exposure to foreign currency risk. In management's opinion, the currency risk exposure to the Society is low and there has been no change in risk exposure from the prior year.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Society is exposed to interest rate risk on its term deposits and portfolio investments. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. In management's opinion, the interest rate risk exposure to the Society is low and there has been no change in risk exposure from the prior year.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to significant other price risk and there has been no change from the prior year.

3. TERM DEPOSITS

	2019	2018
Term deposits	\$ 2,492,900	\$ 2,464,500
Less: Term deposits maturing within one year	(700,000)	(584,500)
	\$ 1,792,900	\$ 1,880,000

4. EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 146,984	\$ 146,984	\$ -	\$ 395
Furniture and fixtures	1,312,822	1,200,116	112,706	124,979
Passenger vehicles	116,907	116,907	-	-
	\$ 1,576,713	\$ 1,464,007	\$ 112,706	\$ 125,374

THE KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accrued liabilities	\$ 184,276	\$ 220,068
Goods and services tax payable	5,692	3,514
Payroll source deductions payable	10,577	7,929
	\$ 200,545	\$ 231,511

6. DEFERRED REVENUE

Deferred revenue represents program revenue received in advance for the 2020 year end. All of the preceding year deferred revenue was recognized as revenue during the 2019 year end.

7. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. The comparative figures have been reclassified to ensure comparability with the presentation format adopted for the current year. Such reclassification does not have any effect on the assets, net assets, or excess of revenue over expenses previously reported.

THE KERRISDALE COMMUNITY CENTRE SOCIETY
PROGRAM ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

(Schedule 1)

	2019	2018
REVENUES		
Children's programs	\$ 593,619	\$ 556,567
Adult programs	431,121	414,067
Fitness and exercise programs	256,381	251,728
Seniors' programs	196,175	235,070
Seniors' kitchen	182,927	173,299
Preschool programs	178,986	198,151
Aerobics programs	123,151	110,790
Youth programs	111,205	115,780
Skate lessons	63,416	55,898
Play Palace	41,646	41,056
Special events	2,456	2,861
	2,181,083	2,155,267
EXPENSES		
Children's programs	401,226	384,049
Adult programs	280,358	270,501
Seniors' kitchen	238,687	229,419
Seniors' programs	140,602	163,058
Preschool programs	129,796	136,586
Youth programs	77,917	91,041
Aerobics programs	60,698	60,866
Skate lessons	46,604	47,716
Fitness and exercise programs	23,913	25,806
Program wages	20,827	19,664
Play Palace	20,001	18,337
Special events	3,727	4,376
	1,444,356	1,451,419
EXCESS OF REVENUES OVER EXPENSES	\$ 736,727	\$ 703,848

See notes to financial statements

THE KERRISDALE COMMUNITY CENTRE SOCIETY
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

(Schedule 2)

	2019	2018
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising and promotion	\$ 18,845	\$ 24,090
Amortization	44,185	41,780
Board expenses	15,581	49,617
Conference expenses	5,918	2,551
Consulting and needs assessment fees	2,261	2,990
Interest and bank charges	83,548	59,975
Miscellaneous	21,218	9,077
Office and sundry	12,021	13,579
Professional fees	7,174	6,663
Programs and newsletters	96,332	90,394
Repairs and maintenance	8,476	6,421
Wages and benefits	503,412	513,693
	\$ 818,971	\$ 820,830

See notes to financial statements