

FINANCIAL STATEMENTS

**THE KERRISDALE
COMMUNITY CENTRE SOCIETY**

August 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of
The Kerrisdale Community Centre Society

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, 2023, 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, 2023, and the results of its 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 Society 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 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 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 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.

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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITOR'S REPORT

- 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 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 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 British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
January 24, 2024

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at August 31

	2023 \$	2022 \$
ASSETS		
Current		
Cash and cash equivalents	309,553	235,304
Portfolio investments [note 3]	1,034,938	794,714
Guaranteed investment certificates [note 4]	163,000	761,000
Accounts receivable [note 5]	151,589	164,785
Prepaid expenses	11,366	43,417
Total current assets	1,670,446	1,999,220
Guaranteed investment certificates [note 4]	1,678,000	1,211,000
Interest receivable	43,051	36,520
Equipment [note 6]	100,254	61,724
	3,491,751	3,308,464
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 7]	427,101	285,724
Deferred revenue [note 8]	339,630	275,922
Due to other Community Centre Societies	13,476	12,269
Canada Emergency Business Account loan [note 14]	40,000	—
Total current liabilities	820,207	573,915
Canada Emergency Business Account loan [note 14]	—	40,000
	820,207	613,915
Net assets		
Invested in capital assets	100,254	61,724
Internally restricted [note 9]	1,046,796	922,573
Externally restricted [note 10]	9,500	9,500
Unrestricted	1,514,994	1,700,752
Total net assets	2,671,544	2,694,549
	3,491,751	3,308,464

Joint operating agreement [note 13]

See accompanying notes to the financial statements

On behalf of the Board:

Kathryn McKay
Director

Kathleen Rogers
Director and Treasurer



STATEMENT OF CHANGES IN NET ASSETS

Year ended August 31

	Invested in Capital Assets \$	Internally Restricted \$	Externally Restricted	Unrestricted \$	Total \$
	[note 9]	[note 9]	[note 10]		
2023					
Balance, beginning of year	61,724	922,573	9,500	1,700,752	2,694,549
Acquisition of equipment	77,283	—	—	(77,283)	—
year	(38,753)	124,223	—	(108,475)	(23,005)
Balance, end of year	100,254	1,046,796	9,500	1,514,994	2,671,544
2022					
Balance, beginning of year	59,659	1,002,513	9,500	1,895,504	2,967,176
Acquisition of equipment	34,609	—	—	(34,609)	—
Revenue under expenses for the year	(32,544)	(79,940)	—	(160,143)	(272,627)
Balance, end of year	61,724	922,573	9,500	1,700,752	2,694,549

See accompanying notes to the financial

STATEMENT OF OPERATIONS

Year end August 31

	2023	2022
	\$	\$
REVENUE		
Program activities <i>[schedule 1]</i>	2,176,758	1,680,041
Other operating revenue	15,052	22,026
Rental revenue	36,776	36,762
Donations and grants	5,528	7,521
	2,234,114	1,746,350
EXPENSES		
Program activities <i>[schedule 1]</i>	1,378,427	1,119,381
General and administrative expenses <i>[schedule 2]</i>	976,401	823,710
	2,354,828	1,943,091
Revenue under expenses before other items	(120,714)	(196,741)
Other items:		
Government assistance - wage subsidy	—	2,390
Investment income	57,284	39,648
Change in market value of portfolio investments	67,939	(117,924)
Play Place equipment contribution	(27,514)	—
Revenue under expenses for the year	(23,005)	(272,627)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended August 31

	2023 \$	2022 \$
OPERATING ACTIVITIES		
Revenue under expenses for the year	(23,005)	(272,627)
Item not affecting cash		
Amortization of equipment	38,753	32,544
Change in market value of portfolio investments	(67,939)	117,924
Changes in non-cash working capital items		
Accounts receivable	6,665	(32,472)
Prepaid expenses	32,051	(18,860)
Accounts payable and accruals	141,377	136,227
Due to other Community Centre Societies	1,207	6,791
Deferred revenue	63,708	85,995
Cash provided by operating activities	192,817	55,522
INVESTING ACTIVITIES		
Purchase of equipment	(77,283)	(34,609)
Portfolio investments, net purchases	(172,285)	(158,165)
Guaranteed investment certificates, net redemptions	131,000	25,000
Cash used in investing activities	(118,568)	(167,774)
Increase (decrease) in cash during the year	74,249	(112,252)
Cash and equivalents, beginning of year	235,304	347,556
Cash and equivalents, end of year	309,553	235,304

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

1. 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 continued 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.

2. SIGNIFICANT ACCOUNTING POLICIES

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:

Fund Accounting

The Society follows the restricted fund method of accounting for contributions and presents the following funds:

The unrestricted fund represents the Society's program and administrative activities.

The invested in equipment fund accounts for the Society's equipment.

The internally restricted funds represent donations received which have been designated for specific purposes by the Society. Annual investment income is also transferred to the internally restricted funds.

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting (Cont'd)

The externally restricted fund represents donations received, which has been designated for specific purposes by the donor.

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 |

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 which 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.

Investment income includes interest, dividends, and gain (loss) on disposition of the Society's portfolio investments. Interest income is recognized in accordance with the terms of the underlying investment, which is generally the passage of time and dividends are recorded as revenue when received.

The change in market value of the portfolio investments are recorded as income.

Canadian Emergency Wage Subsidies are recognized as income when the Society meets the conditions of the program and when the Society is reasonably assured of collection of the respective claims.

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.

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 useful lives of assets for amortization.

Financial Instruments

Measurement:

The Society's financial instruments consist of cash and cash equivalents, portfolio investments, guaranteed investment certificates, accounts receivable, bank loan, 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 the statement of operations. 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 the statement of operations in the period in which it is determined.

3. PORTFOLIO INVESTMENTS, AT MARKET

	Cost \$	Market \$
2023		
Fixed income and equity	943,644	1,034,938
2022		
Fixed income and equity	771,359	794,714

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

4. GUARANTEED INVESTMENT CERTIFICATES

	2023	2022
	\$	\$
Guaranteed investment certificates	1,841,000	1,972,000
Less: Guaranteed investment certificates maturing within one year	(163,000)	(761,000)
	1,678,000	1,211,000

Guaranteed investment certificates have interest rates varying from 3.06% to 5.10% and maturity dates ranging from November 2023 to July 2028.

5. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Grants and other	13,492	1,933
Park Board	113,824	136,639
Government receivable - GST	(1,568)	5,099
Interest	25,841	21,114
	151,589	164,785
Allowance for doubtful accounts	—	—
	151,589	164,785

6. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2023			
Computer equipment	148,158	147,962	196
Furniture and fixtures	1,447,428	1,347,370	100,058
Passenger vehicles	116,907	116,907	—
	1,712,493	1,612,239	100,254
2022			
Computer equipment	148,158	147,571	587
Furniture and fixtures	1,370,145	1,309,008	61,137
Passenger vehicles	116,907	116,907	—
	1,635,210	1,573,486	61,724

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
	\$	\$
Accounts payable and accrued liabilities	407,613	267,693
Government remittances - payroll	17,314	16,437
- WorkSafe BC	2,174	1,594
	427,101	285,724

8. DEFERRED REVENUE

Deferred revenue represents program revenue received in advance for the 2024 year end. All of the preceding year deferred revenue was recognized as revenue during the 2023 year end.

9. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT

The Society's main objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial commitments and unforeseen external events. To assist with this objective, the Association has made the following internal restrictions:

	2023	2022
	\$	\$
Park Board maintenance fund	10,000	10,000
Community art project fund	3,840	3,840
Legal fund	—	6,526
Media fund	2,912	2,912
Seniors donation fund	523	523
Investment income & donation fund	1,029,521	898,772
	1,046,796	922,573

Invested in Capital Assets

The Society has internally restricted an amount equal to the net assets invested in capital assets in the amount of \$100,254 [2022 - \$61,724].

Park Board Maintenance Fund

The Society has internally restricted \$10,000 [2022 - \$10,000] to be used for expenditure on maintenance.

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

9. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT (CONT'D)

Community Art Project Fund

The Society has internally restricted \$3,840 [2022 - \$3,840] to be used for expenditure on community art project.

Legal Fund

The Society has internally restricted \$Nil [2022 - \$6,526] to be used for legal expenditure.

Media Fund

The Society has internally restricted \$2,912 [2022 - \$2,912] to be used for media expenditure.

Seniors Donation Fund

The Society has internally restricted \$523 [2022 - \$523] to be used for Seniors expenditures.

Investment Income & Donation Fund

The Society has internally restricted \$1,029,521 [2022 - \$898,772] to be used for future capital expenditures and contingency.

10. EXTERNALLY RESTRICTED FUND

Restricted contributions relating to the Cardiofit Program Fund were received during the year ended August 31, 2019.

11. FINANCIAL INSTRUMENTS

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, 2023:

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

11. FINANCIAL INSTRUMENTS (CONT'D)

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.

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 and other price risk on its guaranteed investment certificates and portfolio investments.

Currency Risk

Currency risk is the risk to the Society's cash flows 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. The fair value and related investment income stream from these investments will fluctuate according to change in interest rates, among other factors. In seeking to minimize the risks from interest fluctuations, the Society manages exposure through its normal operating and financing activities.

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 exposed to other price risk through its portfolio investments recorded at fair value. The Society manages this risk through maintaining a diversified investment portfolio and regularly reviewing its investment structure and strategy.

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

12. WAGES AND CONTRACTOR REMUNERATION

Pursuant to the British Columbia Societies Act, the Association is required to disclose wages and benefits and fees paid to contractors who are paid \$75,000 or more during the fiscal year.

Wages and benefits expense includes \$93,636 [2022 - \$Nil] paid to one [2022 - Nil] employee during the year [Schedule 2].

Expenses include \$143,198 [2022 - \$145,632] of expense provided by a contractor. Of this amount, \$11,690 [2022 - \$Nil] is included in Preschool programs expenses, \$52,081 [2022 - \$92,584] is included in Children's programs expenses, \$56,934 [2022 - \$31,597] is included in Youth programs expenses, and \$22,493 [2022 - \$21,451] is included in Adult programs expenses.

Expenses include \$517,005 [2022 - \$493,241] of expense provided by a contractor for Group I wages. Of this amount, \$47,099 [2022 - \$21,496] is included in play palace expenses, \$12,647 [2022 - \$32,709] is included in skate lessons expenses, and \$457,259 [2022 - \$439,036] is included in wages and benefits. The Group I wages cover the cost of several employees.

13. JOINT OPERATING AGREEMENT ("JOA")

In 2018, the Society signed a new JOA with the Park Board effective January 1, 2018 for ten (10) years with one five (5) year renewal term. Under the agreement, the Society will pay an operation fee to the Vancouver Park Board starting in year 2 for 1% of prior year's gross facility-generated revenue and in years 3-10 for 2% per year of the previous year's gross facility-generated revenue. Effective January 1, 2018, the Society will pay a 1% subscription fee for the ActiveNet registration system.

Due to the COVID-19 pandemic, the Park Board has waived the operation fee based on prior years revenues for the calendar years ending December 31, 2020 and December 31, 2021. As a result, the August 31, 2022 operating fee was completely waived and the August 31, 2023 fee was only subject to the 2% fee for eight months.

14. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

During the 2020 fiscal year, the Society applied for and received a \$40,000 loan under the Canada Emergency Business Account. In 2021, the Society applied for and received an additional \$20,000 loan. The loan is non-interest bearing until January 18, 2024, and then interest accrues at the rate of 5% until December 31, 2026, when the loan is due. If the loan is repaid on or before January 18, 2024, \$20,000 of the loan will be forgiven.

NOTES TO FINANCIAL STATEMENTS

August 31, 2023

14. CANADA EMERGENCY BUSINESS ACCOUNT LOAN (CONT'D)

As the Society has met and expects to continue to comply with the loan's terms and conditions and expects to repay the loan on or before January 18, 2024, the forgivable portion of the \$60,000 loan or \$20,000, was taken into 2021 income.

Subsequent to the year, the Society repaid the loan.



SCHEDULE OF REVENUES AND EXPENSES - PROGRAM ACTIVITIES

Year ended August 31

	Revenue \$	Expenses \$	Net Income (Loss) \$
2023			
Children's programs [note 12]	598,880	378,548	220,332
Adult programs [note 12]	463,363	304,884	158,479
Seniors' kitchen	239,248	251,204	(11,956)
Fitness and exercise programs	260,674	45,979	214,695
Preschool programs [note 12]	143,410	77,830	65,580
Seniors' programs	202,946	136,569	66,377
Youth programs [note 12]	118,811	90,986	27,825
Play palace [note 12]	55,095	47,099	7,996
Aerobics programs	73,270	23,144	50,126
Skate lessons [note 12]	14,196	15,298	(1,102)
Special events	6,865	6,886	(21)
	2,176,758	1,378,427	798,331
2022			
Children's programs [note 12]	532,216	367,082	165,134
Adult programs [note 12]	381,473	237,471	144,002
Seniors' kitchen	157,563	192,571	(35,008)
Fitness and exercise programs	149,803	28,310	121,493
Preschool programs [note 12]	125,895	72,292	53,603
Seniors' programs	124,798	78,485	46,313
Youth programs [note 12]	80,075	47,774	32,301
Play palace [note 12]	46,426	21,496	24,930
Aerobics programs	40,205	26,488	13,717
Skate lessons [note 12]	40,579	36,081	4,498
Special events	1,078	7,343	(6,265)
Online programs	(70)	3,988	(4,058)
	1,680,041	1,119,381	560,660

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

Year ended August 31

	2023	2022
	\$	\$
Advertising and promotion	42,504	18,596
Amortization of capital assets	38,753	32,544
Board expenses	43,268	6,937
Conference expenses	976	—
Interest and bank charges	71,972	58,292
Miscellaneous	24,039	7,180
Office and sundry	6,572	6,897
Operation fee <i>note 13]</i>	23,184	—
Professional fees	10,763	8,200
Programs and newsletters	80,796	87,650
Repairs and maintenance	1,832	10,949
Wages and benefits <i>[note 12]</i>	631,742	586,465
	976,401	823,710