

# **The Kerrisdale Community Centre Society**

**Financial Statements**

**For the Year Ended August 31, 2018**

## Independent Auditor's Report

To the Members of  
The Kerrisdale Community Centre Society

We have audited the accompanying financial statements of The Kerrisdale Community Centre Society, which comprise the statement of financial position as at August 31, 2018, 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 auditor's 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 auditor considers 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 The Kerrisdale Community Centre Society as at August 31, 2018 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 19, 2018

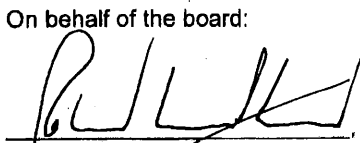
# The Kerrisdale Community Centre Society

## Statement of Financial Position

| As at August 31                                   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |
| Current   |                     |                     |
| Cash and cash equivalents                         | \$ 504,615          | \$ 791,127          |
| Investment in mutual funds                        | 75,237              | -                   |
| Term deposits (Note 5)                            | 584,500             | 804,585             |
| Accounts receivable                               | 50,133              | 230,635             |
| Interest receivable                               | 93,913              | 96,521              |
| Prepaid expenses                                  | 24,455              | 24,171              |
|   | <u>1,332,853</u>    | <u>1,947,039</u>    |
| Term deposits (Note 5)                            | 1,880,000           | 1,526,500           |
| Property and equipment (Note 6)                   | <u>125,374</u>      | <u>102,044</u>      |
|   | <u>\$ 3,338,227</u> | <u>\$ 3,575,583</u> |
| <b>Liabilities</b>                                |                     |                     |
| Current   |                     |                     |
| Accounts payable and accrued liabilities (Note 7) | \$ 231,511          | \$ 270,328          |
| Deferred revenue                                  | 203,520             | 210,696             |
| Due to other Community Centre Societies           | 2,547               | 2,547               |
| Contingent liabilities (Note 8)                   | -                   | 922,043             |
|   | <u>437,578</u>      | <u>1,345,614</u>    |
| <b>Net Assets</b>                                 |                     |                     |
| Invested in equipment                             | 125,374             | 102,044             |
| Internally restricted (Note 9)                    | 657,011             | 27,201              |
| Unrestricted                                      | <u>2,118,264</u>    | <u>2,100,724</u>    |
|   | <u>2,900,649</u>    | <u>2,229,969</u>    |
|   | <u>\$ 3,338,227</u> | <u>\$ 3,575,583</u> |

Going concern (note 2)

On behalf of the board:

  
\_\_\_\_\_, President

  
\_\_\_\_\_, Treasurer

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

## The Kerrisdale Community Centre Society

### Statement of Changes in Net Assets

For the Year Ended August 31, 2018

|   | Invested in<br>property and<br>equipment | Internally<br>restricted | Unrestricted | Total        |
|---|--|--------------------------|--------------|--------------|
| Balance, August 31, 2016                      | \$ 87,200                                | \$ 35,334                | \$ 1,869,572 | \$ 1,992,106 |
| Acquisition of property and equipment         | 48,892                                   | -                        | (48,892)     | -            |
| (Deficiency) excess of revenues over expenses | (34,048)                                 | (8,133)                  | 280,044      | 237,863      |
| Balance, August 31, 2017                      | 102,044                                  | 27,201                   | 2,100,724    | 2,229,969    |
| Acquisition of property and equipment         | 65,110                                   | -                        | (65,110)     | -            |
| (Deficiency) excess of revenues over expenses | (41,780)                                 | 17,359                   | 695,101      | 670,680      |
| Interfund transfers                           | -  | 612,451                  | (612,451)    | -            |
| Balance, August 31, 2018                      | \$ 125,374                               | \$ 657,011               | \$ 2,118,264 | \$ 2,900,649 |

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

# The Kerrisdale Community Centre Society

## Statement of Operations

| For the Year Ended August 31                 | 2018              | 2017              |
|--|-------------------|-------------------|
| Revenues                                     |                   |                   |
| Programs (Schedule 1)                        | \$ 2,155,267      | \$ 2,117,668      |
| Membership dues                              | 93,680            | 104,884           |
| Other  | 110,506           | 160,290           |
|  | <u>2,359,453</u>  | <u>2,382,842</u>  |
| Expenses                                     |                   |                   |
| Programs (Schedule 1)                        | 1,451,419         | 1,381,589         |
| General and administrative (Schedule 2)      | 820,830           | 755,257           |
|  | <u>2,272,249</u>  | <u>2,136,846</u>  |
| Gain on settlement of legal dispute (Note 8) | <u>583,476</u>    | <u>-</u>          |
| Excess of revenues over expenses             | <u>\$ 670,680</u> | <u>\$ 245,996</u> |

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

# The Kerrisdale Community Centre Society

## Statement of Cash Flows

For the Year Ended August 31

2018

2017

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

#### Operating activities

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Excess of revenues over expenses    | \$ 670,680     | \$ 222,060     |
| Items not involving cash            |                |                |
| Amortization                        | 41,780         | 34,048         |
| Gain on settlement of legal dispute | (583,476)      | -              |
|                                     | <u>128,984</u> | <u>256,108</u> |

#### Changes in non-cash working capital

|  |                  |                |
|--|------------------|----------------|
| Accounts receivable                      | 180,502          | (11,003)       |
| Interest receivable                      | 2,608            | (13,925)       |
| Prepaid expenses                         | (284)            | (709)          |
| Accounts payable and accrued liabilities | 21,183           | 73,391         |
| Unearned revenue                         | (7,176)          | (26,350)       |
| Contingent liabilities                   | (338,567)        | 140,565        |
|  | <u>(141,734)</u> | <u>161,969</u> |
|  | <u>(12,750)</u>  | <u>418,077</u> |

#### Investing activities

|                                    |                  |                 |
|------------------------------------|------------------|-----------------|
| Investments, net                   | (208,652)        | 10,400          |
| Purchase of property and equipment | (65,110)         | (48,892)        |
|                                    | <u>(273,762)</u> | <u>(38,492)</u> |

(Decrease) increase in cash and cash equivalents (286,512) 379,585

Cash and cash equivalents, beginning of year 791,127 411,542

Cash and cash equivalents, end of year \$ 504,615 \$ 791,127

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

# The Kerrisdale Community Centre Society

## Notes to the Financial Statements

August 31, 2018

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### 1. Nature of operations

The 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 | 5 years |
| Passenger vehicles     | 5 years |

One half of the normal rate is applied in the year of acquisition.

# **The Kerrisdale Community Centre Society**

## **Notes to the Financial Statements**

**August 31, 2018**

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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 and cash equivalents, accounts receivable, interest receivable and term deposits.

Financial assets measured at fair value comprise investments in mutual funds.

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



# **The Kerrisdale Community Centre Society**

## **Notes to the Financial Statements**

**August 31, 2018**

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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.

# The Kerrisdale Community Centre Society

## Notes to the Financial Statements

August 31, 2018

### 5. Term deposits

|  | 2018                | 2017                |
|--|---------------------|---------------------|
| Unrestricted                                 | \$ 2,464,500        | \$ 2,331,085        |
| Less: Term deposits maturing within one year | (584,500)           | (804,585)           |
|  | <u>\$ 1,880,000</u> | <u>\$ 1,526,500</u> |

### 6. Property and equipment

|                        | Cost<br>2018        | Accumulated<br>Amortization<br>2018 | Net Book<br>Value<br>2018 | Net Book<br>Value<br>2017 |
|------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|
| Computer equipment     | \$ 146,983          | \$ 146,588                          | \$ 395                    | \$ 1,738                  |
| Furniture and fixtures | 1,281,305           | 1,156,326                           | 124,979                   | 100,306                   |
| Passenger vehicles     | 116,907             | 116,907                             | -                         | -                         |
|                        | <u>\$ 1,545,195</u> | <u>\$ 1,419,821</u>                 | <u>\$ 125,374</u>         | <u>\$ 102,044</u>         |

### 7. Accounts payable and accrued liabilities

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| Accounts payable and accrued liabilities | \$ 220,068        | \$ 199,976        |
| Goods and services tax payable           | 3,514             | 3,126             |
| Payroll source deductions payable        | 7,929             | 7,226             |
|  | <u>\$ 231,511</u> | <u>\$ 210,328</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 Vancouver Park Board. During the current year, the dispute was settled resulting in a gain of \$583,476.

### 9. Restricted funds

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

# The Kerrisdale Community Centre Society

## Schedule 1 – Program Activities

For the Year Ended August 31

2018

2017

### Revenues

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Children's programs           | \$ 556,567       | \$ 538,651       |
| Adult programs                | 414,067          | 414,860          |
| Fitness and exercise programs | 251,728          | 238,310          |
| Preschool programs            | 198,151          | 210,033          |
| Seniors' programs             | 235,070          | 209,696          |
| Seniors' kitchen              | 173,299          | 167,544          |
| Aerobics programs             | 110,790          | 119,265          |
| Youth programs                | 115,780          | 118,771          |
| Skate lessons                 | 55,898           | 57,090           |
| Play Palace                   | 41,056           | 40,633           |
| Special events                | 2,861            | 2,815            |
|                               | <u>2,155,267</u> | <u>2,117,668</u> |

### Expenses

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Children's programs           | 384,049          | 358,643          |
| Adult programs                | 270,501          | 269,013          |
| Seniors' kitchen              | 229,419          | 218,690          |
| Seniors' programs             | 163,058          | 149,392          |
| Preschool programs            | 136,586          | 135,723          |
| Youth programs                | 91,041           | 87,172           |
| Aerobics programs             | 60,866           | 56,217           |
| Skate lessons                 | 47,716           | 36,171           |
| Fitness and exercise programs | 25,806           | 28,189           |
| Program wages                 | 19,664           | 26,576           |
| Play Palace                   | 18,337           | 11,001           |
| Special events                | 4,376            | 4,802            |
|                               | <u>1,451,419</u> | <u>1,381,589</u> |

Excess of revenues over expenses

\$ 703,848      \$ 736,079

# **The Kerrisdale Community Centre Society**

## **Schedule 2 – General and Administrative Expenses**

**For the Year Ended August 31**

**2018**

**2017**

|                                      |    |                |                   |
|--------------------------------------|----|----------------|-------------------|
| Operating expenses                   |    |                |                   |
| Advertising and promotion            | \$ | 24,090         | \$ 17,910         |
| Amortization                         |    | 41,780         | 34,048            |
| Board expenses                       |    | 49,617         | 12,902            |
| Conference expenses                  |    | 2,551          | 5,262             |
| Consulting and needs assessment fees |    | 2,990          | 3,692             |
| Interest and bank charges            |    | 59,975         | 44,819            |
| Miscellaneous                        |    | 9,077          | 7,068             |
| Office and sundry                    |    | 13,579         | 4,708             |
| Professional fees                    |    | 6,663          | 6,950             |
| Programs and newsletters             |    | 90,394         | 89,665            |
| Repairs and maintenance              |    | 6,421          | 3,567             |
| Wages and benefits                   |    | 513,693        | 524,666           |
|                                      | \$ | <u>820,830</u> | \$ <u>755,257</u> |