

FINANCIAL STATEMENTS

RENFREW PARK
COMMUNITY ASSOCIATION

August 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of
Renfrew Park Community Association

Report on the Financial Statements

We have audited the accompanying financial statements of Renfrew Park Community Association which comprise the statement of financial position as at August 31, 2018, and the statements of changes in net assets, operations 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 Association'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 Association'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, the financial statements present fairly, in all material respects, the financial position of Renfrew Park Community Association as at August 31, 2018, 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
November 9, 2018

Chartered Professional Accountants



Tompkins Wozny
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

	2018	2017
	\$	\$
ASSETS		
Current		
Cash - operating	244,649	48,936
- gaming	53,281	46,713
Guaranteed investment certificates <i>[note 5]</i>	360,000	310,037
Accounts and grants receivable <i>[note 4]</i>	9,875	57,432
Prepaid expenses	418	6,115
Total current assets	668,223	469,233
Guaranteed investment certificate <i>[note 5]</i>	—	150,000
Capital assets <i>[note 6]</i>	1,870	120,626
	670,093	739,859
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals <i>[note 7]</i>	16,135	20,627
Deferred revenue	118,230	105,590
Total current liabilities	134,365	126,217
Deferred contributions related to capital assets <i>[note 8]</i>	—	14,184
Total liabilities	134,365	140,401
Net assets		
Invested in capital assets	1,870	106,442
Internally restricted <i>[note 10]</i>	250,000	210,000
Unrestricted	283,858	283,016
Total net assets	535,728	599,458
	670,093	739,859

See accompanying notes to the financial statements

On behalf of the Board:

Henry Lee

Director

Albert Lee

Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended August 31

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2018				
		<i>[note 10]</i>		
Balance, beginning of year	106,442	210,000	283,016	599,458
Revenues over (under) expenses	(104,572)	—	40,842	(63,730)
Interfund transfers (net)	—	40,000	(40,000)	—
Balance, end of year	1,870	250,000	283,858	535,728
2017				
Balance, beginning of year	120,991	210,000	246,274	577,265
Revenues over (under) expenses	(14,549)	—	36,742	22,193
Balance, end of year	106,442	210,000	283,016	599,458

See accompanying notes to the financial statements

Renfrew Park Community Association

STATEMENT OF OPERATIONS

Year end August 31

	2018	2017
	\$	\$
REVENUE		
Program operations <i>[schedule]</i>	522,385	578,555
Direct access gaming <i>[note 9]</i>	62,134	78,273
Grants	59,921	58,709
Facility rentals	50,529	57,587
Other	9,148	7,147
Vending	6,842	4,790
Interest	12,323	1,674
Amortization of deferred contributions related to capital assets <i>[note 8]</i>	381	1,142
Donations	—	20
	723,663	787,897
EXPENSES		
Program operations <i>[schedule]</i>	328,273	371,354
Direct access gaming <i>[notes 9 and 12]</i>	62,134	78,273
Grants expense <i>[note 12]</i>	59,921	58,709
Bookkeeping and business administration	39,945	39,606
Group I wages - Park Board <i>[note 12]</i>	39,538	74,455
Repairs and maintenance	30,343	21,776
Advertising and brochures (net of recoveries)	23,688	20,387
Employment costs	18,698	21,680
Office, supplies and other	16,361	2,922
Facility rentals <i>[note 12]</i>	14,961	17,835
Leisure access subsidies	12,415	13,871
Meetings and development	11,791	4,876
Bank, credit card charges and online charges	11,005	12,129
Professional	9,007	12,140
Amortization of capital assets	6,591	15,691
Subscription fees <i>[note 13]</i>	4,360	—
	689,031	765,704
Revenues over expenses for the year before other item	34,632	22,193
Other item:		
Write off of leasehold improvements - building <i>[note 6]</i>	(98,362)	—
Revenues over (under) expenses for the year	(63,730)	22,193

Joint operating agreement *[note 13]*

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended August 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Revenues over (under) expenses for the year	(63,730)	22,193
Item not affecting cash		
Amortization of capital assets	6,591	15,691
Amortization of deferred contributions related to capital assets	(381)	(1,142)
Write off of leasehold improvements	98,362	—
Changes in non-cash working capital items		
Accounts and grants receivable	47,557	7,585
Prepaid expenses	5,697	(5,528)
Accounts payable and accruals	(4,492)	(20,879)
Deferred revenue	12,640	(16,128)
Cash provided by operating activities	102,244	1,792
FINANCING AND INVESTING ACTIVITIES		
Redemption (purchase) of guaranteed investment certificates (net)	100,037	(256,470)
Cash provided by (used in) financing and investing activities	100,037	(256,470)
Increase (decrease) in cash during the year	202,281	(254,678)
Cash, beginning of year	95,649	350,327
Cash, end of year	297,930	95,649
Cash consists of:		
Operating	244,649	48,936
Gaming	53,281	46,713
Totals	297,930	95,649

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

1. ORGANIZATION

The Association is incorporated pursuant to the British Columbia Societies Act, is a not-for-profit organization and is exempt from income taxes. The objectives of the Association are to provide affordable and quality facilities and programming to meet the diverse needs of the people of the Renfrew Park Community and to encourage use and participation of the Renfrew Park Community

2. GOVERNANCE AND OPERATIONS

The Association carries out these objectives through the operations of the Renfrew Park Community Centre pursuant to a Joint Operating Agreement ("JOA") with the City of Vancouver Board of Parks and Recreation ("Park Board").

During the year, the Association signed a new JOA effective January 1, 2018 *[note 13]*.

Use of the Renfrew Park Community Centre premises as well as the providing of certain operating expenses, such as various staff costs, are provided to the Association pursuant to the JOA with the Park Board. The value of the use of the facilities as well as these additional operating expenses has not been reflected in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets and the determination of deferred revenue. Actual results could differ from these estimates.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from all other sources, except direct access gaming, is recognized when the respective program or service is provided.

Direct Access Gaming

Proceeds received from direct access gaming are recorded as revenue or deferred contributions related to capital assets, if applicable, in the year the related expenditures are incurred.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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 net income.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

Statement of Cash Flows

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization of furniture and equipment is recorded on a straight-line basis at a rate of 20% to 33% per year.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leasehold improvements - building are amortized on a straight-line basis over a period of 15 to 25 years.

Donated Services

The Association and its members benefit greatly from donated services in the form of volunteer time. Because of the difficulty in determining their fair value, the value of donated services is not recognized in these financial statements.

4. ACCOUNTS AND GRANTS RECEIVABLE

	2018	2017
	\$	\$
Grants and other	6,698	13,002
Park Board	2,347	43,711
Interest	830	719
	9,875	57,432
Allowance for doubtful accounts	—	—
	9,875	57,432

5. GUARANTEED INVESTMENT CERTIFICATES ("GIC")

The Association holds a GIC in the amount of \$350,000 with an annual interest rate of 0.9% and a maturity date of June 2019.

The Association also holds a GIC in the amount of \$10,000 with an interest rate of prime less 2.1% and a maturity date of January 2019.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2018			
Furniture and equipment	332,240	330,370	1,870
2017			
Leasehold improvements - building	229,083	113,647	115,436
Furniture and equipment	332,240	327,050	5,190
	561,323	440,697	120,626

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

6. CAPITAL ASSETS

During the year, a review of the assets previously capitalized as leasehold improvements - building, was determined to no longer meet the definition of an asset pursuant to the terms of the new JOA [note 13] and has therefore been deemed disposed and their value written off in the amount of \$98,362, net of the related deferred contributions related to capital assets of \$13,803 [note 8].

7. ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
	\$	\$
Trade and accruals	8,924	14,055
Government remittances - WorkSafe BC	676	1,579
- GST	1,518	1,905
Park Board	5,017	3,088
	16,135	20,627

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2018	2017
	\$	\$
Balance, beginning of year	14,184	15,326
Deduct: Amortization	(381)	(1,142)
Written off to income [note 6]	(13,803)	—
Balance, end of year	—	14,184

9. DIRECT ACCESS GAMING EXPENSES

	2018	2017
	\$	\$
Renfrew Youth Development		
- Wages and benefits	18,001	28,265
- Supplies and other	3,772	4,187
Renfrew Ravine Moon Festival		
- Wages and benefits	13,755	14,012
Renfrew Lunch program		
- Wages and benefits	11,145	9,255
- Supplies and other	5,235	7,158
Seniors Multicultural		
- Wages and benefits	8,193	10,642
- Supplies and other	2,033	4,754
Total	62,134	78,273

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

10. INTERNALLY RESTRICTED NET ASSETS

The Association had previously internally restricted \$100,000 for future capital projects to be spent on or before August 31, 2019. During the year, the Association amended the restriction and internally restricted the same \$100,000 to be spent on community kitchen renovations by August 31, 2020.

Two previous internal restrictions for spending on the community kitchen and related appliances and materials in the total amount of \$110,000 expired during the year.

The Association then internally restricted \$150,000 for spending on the community kitchen by August 31, 2020.

11. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at August 31, 2018.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Association is exposed to credit risk with respect to its cash, guaranteed investment certificates, and accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Association's cash and guaranteed investment certificates are invested with a large financial institution.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association is exposed to interest rate risk on its guaranteed investment certificates in so far that the initial rate may be higher than the current interest rate obtained on maturity and renewal.

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

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 employees and contractors who are paid \$75,000 or more during the fiscal year.

There were no employees or contractors paid \$75,000 or more during the year.

In 2017, contractors, wages and benefits include \$121,596 of expense provided by a contractor. Of this amount, \$18,335 is included in program operations - wages and contractors, \$5,740 is included in grant expense, \$74,455 is included in Group I wages - Park Board, \$22,782 is included in direct access gaming, and \$284 is included in facility rentals.

13. JOINT OPERATING AGREEMENT ("JOA")

During the year, the Association 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 Association 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 Association will pay a 1% subscription fee for the Registration System for the term of the Active Network Ltd. agreement expiring in 2019.

SCHEDULE OF REVENUES AND EXPENSES - PROGRAM OPERATIONS

Year ended August 31

	Revenue	Expenses		Total	Net Income (Loss)
		Wages and Contractors <i>[note 12]</i>	Supplies and Other		
	\$	\$	\$	\$	\$
2018					
Licensed preschool	159,704	94,957	7,389	102,346	57,358
Preschoolers	33,905	16,281	2,093	18,374	15,531
Children	143,502	91,349	6,652	98,001	45,501
Youth	1,177	—	1,177	1,177	—
Adult	76,623	40,079	2,464	42,543	34,080
Senior	62,895	14,299	16,543	30,842	32,053
Special events	2,064	7,350	6,156	13,506	(11,442)
Summer preschool and Day Camp	42,515	9,204	12,280	21,484	21,031
	522,385	273,519	54,754	328,273	194,112
2017					
Licensed preschool	161,505	98,272	6,794	105,066	56,439
Preschoolers	47,831	25,205	610	25,815	22,016
Children	158,742	99,384	10,105	109,489	49,253
Youth	2,802	—	2,802	2,802	—
Adult	85,103	44,614	2,984	47,598	37,505
Senior	57,085	11,978	18,137	30,115	26,970
Special events	4,004	4,070	9,663	13,733	(9,729)
Summer preschool and Day Camp	61,483	14,834	21,902	36,736	24,747
	578,555	298,357	72,997	371,354	207,201