

FINANCIAL STATEMENTS

RENFREW PARK
COMMUNITY ASSOCIATION

August 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
Renfrew Park Community Association

Opinion

We have audited the financial statements of Renfrew Park Community Association (the Association), 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 Association as at August 31, 2019, 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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
November 8, 2019

Chartered Professional Accountants



STATEMENT OF FINANCIAL POSITION

As at August 31

	2019	2018
	\$	\$
ASSETS		
Current		
Cash - operating	217,965	244,649
- gaming	53,096	53,281
Guaranteed investment certificates [note 4]	360,000	360,000
Accounts and grants receivable [note 5]	14,794	9,875
Prepaid expenses	3,482	418
Total current assets	649,337	668,223
Capital assets [note 6]	8,341	1,870
	657,678	670,093
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 7]	29,926	16,135
Deferred revenue [note 8]	117,017	118,230
Total liabilities	146,943	134,365
Net assets		
Invested in capital assets [note 12]	8,341	1,870
Internally restricted [note 12]	205,000	250,000
Unrestricted	297,394	283,858
Total net assets	510,735	535,728
	657,678	670,093

Joint operating agreement [note 16]

Other information [note 17]

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 \$
	<i>[note 12]</i>	<i>[note 12]</i>		
2019				
Balance, beginning of year	1,870	250,000	283,858	535,728
Revenues under expenses	(1,742)	—	(23,251)	(24,993)
Acquisition of capital assets	8,213		(8,213)	—
Interfund transfers	—	(45,000)	45,000	—
Balance, end of year	8,341	205,000	297,394	510,735
2018				
Balance, beginning of year	106,442	210,000	283,016	599,458
Revenues over (under) expenses	(104,572)	—	40,842	(63,730)
Interfund transfers	—	40,000	(40,000)	—
Balance, end of year	1,870	250,000	283,858	535,728

See accompanying notes to the financial statements

Renfrew Park Community Association

STATEMENT OF OPERATIONS

Year end August 31

	2019	2018
	\$	\$
REVENUE		
Program operations <i>[schedule]</i>	554,653	522,385
Grants <i>[note 10]</i>	84,341	59,921
Direct access gaming <i>[note 11]</i>	70,568	62,134
Facility rentals	50,564	50,529
Interest	4,935	12,323
Vending	4,617	6,842
Other	2,750	9,148
Amortization of deferred contributions related to capital assets <i>[note 8]</i>	—	381
	772,428	723,663
EXPENSES		
Program operations <i>[schedule]</i>	376,377	328,273
Grants expense <i>[note 15]</i>	84,341	59,921
Direct access gaming <i>[notes 11 and 15]</i>	70,568	62,134
Group I wages - Park Board <i>[note 15]</i>	46,763	39,538
Bookkeeping and business administration	42,030	39,945
Repairs and maintenance	21,669	30,343
Advertising and brochures (net of recoveries)	20,750	23,688
Employment costs	19,267	18,698
Leisure access subsidies	15,812	12,415
Facility rentals <i>[note 15]</i>	12,282	14,961
Bank, credit card charges and online charges	11,389	11,005
Meetings and development	7,964	11,791
Professional	7,030	9,007
Subscription fee <i>[note 16]</i>	6,422	4,360
Office, supplies and other <i>[note 15]</i>	4,284	16,361
Operation fee <i>[note 16]</i>	3,731	—
Amortization of capital assets	1,742	6,591
	752,421	689,031
Revenues over expenses before other items	20,007	34,632
Other items:		
Kitchen renovations <i>[note 12]</i>	(45,000)	—
Write off of leasehold improvements - building <i>[note 6]</i>	—	(98,362)
Revenues under expenses for the year	(24,993)	(63,730)

Joint operating agreement *[note 16]*

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended August 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Revenues under expenses for the year	(24,993)	(63,730)
Item not affecting cash		
Amortization of capital assets	1,742	6,591
Amortization of deferred contributions related to capital assets	—	(381)
Write off of leasehold improvements	—	98,362
Changes in non-cash working capital items		
Accounts and grants receivable	(4,919)	47,557
Prepaid expenses	(3,064)	5,697
Accounts payable and accruals	13,791	(4,492)
Deferred revenue	(1,213)	12,640
Cash provided by (used in) operating activities	(18,656)	102,244
INVESTING ACTIVITIES		
Redemption of guaranteed investment certificates (net)	—	100,037
Acquisition of capital assets	(8,213)	—
Cash provided by (used in) investing activities	(8,213)	100,037
Increase (decrease) in cash during the year	(26,869)	202,281
Cash, beginning of year	297,930	95,649
Cash, end of year	271,061	297,930
Cash consists of:		
Operating	217,965	244,649
Gaming	53,096	53,281
Totals	271,061	297,930

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

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").

The Association signed a new JOA effective January 1, 2018 [note 16].

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. The most significant areas requiring the use of management estimates include the estimated useful lives of capital assets and the determination of allowance for doubtful accounts relating to accounts receivable. 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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

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.

Licensed preschool fee revenue is recognized in the month to which the services relate based on enrollment rates.

General program revenue is recognized over the period the related program operates.

Facility rentals revenue is recognized on the date the space is rented or over the period the space is rented out, if applicable.

Interest income is recognized as revenue in accordance with the terms of the underlying investment, which is generally with the passage of time.

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. GUARANTEED INVESTMENT CERTIFICATES ("GIC")

The Association holds a GIC in the amount of \$350,000 with an interest rate of prime less 2.7% and a maturity date of January 2020. The prime rate at August 31, 2019 is 3.95%.

The Association also holds a GIC in the amount of \$10,000 with an interest rate of prime less 2.7% and a maturity date of January 2020.

5. ACCOUNTS AND GRANTS RECEIVABLE

	2019	2018
	\$	\$
Grants and other	10,358	6,698
Park Board	1,491	2,347
Interest	2,945	830
	14,794	9,875
Allowance for doubtful accounts	—	—
	14,794	9,875

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2019			
Furniture and equipment	340,453	332,112	8,341
2018			
Furniture and equipment	332,240	330,370	1,870

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

6. CAPITAL ASSETS (CONT'D)

In 2018, 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 16] 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

	2019	2018
	\$	\$
Trade and accruals	16,742	8,924
Government remittances - WorkSafe BC	801	676
- GST	—	1,518
Park Board	12,383	5,017
	29,926	16,135

8. DEFERRED REVENUE

	2019	2018
	\$	\$
Gaming	49,383	53,281
Programs	40,416	38,535
Licensed preschool fees	15,972	14,442
Various grants	7,745	8,604
Rentals	2,327	2,694
Other	1,174	674
	117,017	118,230

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	2019	2018
	\$	\$
Balance, beginning of year	—	14,184
Deduct: Amortization	—	(381)
Written off to income [note 6]	—	(13,803)
Balance, end of year	—	—

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

10. GRANTS

	2019	2018
	\$	\$
Summer camp	42,145	30,153
BC Centre for Ability Association	22,427	13,523
Childcare operating	14,519	11,445
Artists in Community	4,000	3,000
BCRPA Family Day	1,000	1,000
Other	250	800
	84,341	59,921

11. DIRECT ACCESS GAMING EXPENSES

	2019	2018
	\$	\$
Renfrew Youth Development		
- Wages and benefits	21,836	18,001
- Supplies and other	8,440	3,772
Renfrew Ravine Moon Festival		
- Wages and benefits	13,890	13,755
Renfrew Lunch program		
- Wages and benefits	13,027	11,145
- Supplies and other	2,186	5,235
Seniors Multicultural		
- Wages and benefits	8,612	8,193
- Supplies and other	2,577	2,033
Total	70,568	62,134

12. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT

The Associations' 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 restriction:

	2019	2018
	\$	\$
Community kitchen renovations	205,000	250,000

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

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

Community Kitchen Renovations

The Association had previously internally restricted \$250,000 to be spent on community kitchen renovations by August 31, 2020. During the year, \$45,000 [2018 - \$Nil] was spent on community kitchen renovations, reducing the internal restriction to \$205,000.

Invested in Capital Assets

The Association has internally restricted an amount equal to the net assets invested in capital assets.

13. INTERFUND TRANSFERS

As described in the statement of changes in net assets, interfund transfers are made between internally restricted net assets and unrestricted net assets to fund capital assets purchased, expenditures on the community kitchen renovations, amortization of capital assets, and amortization of deferred contributions related to capital assets.

14. 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, 2019.

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.

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

14. FINANCIAL INSTRUMENTS (CONT'D)

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.

15. 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 2018 fiscal year.

In 2019, contractors, wages and benefits include \$81,583 of expense provided by a contractor for Group I wages. Of this amount, \$5,331 is included in program operations - wages and contractors, \$5,653 is included in grant expense, \$46,763 is included in Group I wages - Park Board, \$22,622 is included in direct access gaming, and \$1,214 is included in office, supplies and other. The Group I wages cover the cost of several employees.

16. JOINT OPERATING AGREEMENT ("JOA")

In 2018, 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 ActiveNet registration system.

17. OTHER INFORMATION

During the year, the Association entered into a letter of intent with the Park Board to spend approximately \$290,000 on community kitchen renovations. Of this amount, \$45,000 was spent during the year [note 12].

SCHEDULE OF REVENUES AND EXPENSES - PROGRAM OPERATIONS

Year ended August 31

	Revenue \$	Expenses		Total \$	Net Income (Loss) \$
		Wages and Contractors \$	Supplies and Other \$		
2019					
		<i>[note 13]</i>			
Licensed preschool	148,794	109,352	7,308	116,660	32,134
Preschoolers	31,937	15,712	1,165	16,877	15,060
Children	156,442	96,883	12,966	109,849	46,593
Youth	—	—	—	—	—
Adult	71,961	36,249	3,830	40,079	31,882
Senior	72,819	19,478	15,540	35,018	37,801
Special events	1,735	8,466	4,974	13,440	(11,705)
Summer Day Camp	70,965	19,864	24,590	44,454	26,511
	554,653	306,004	70,373	376,377	178,276
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 Day Camp	42,515	9,204	12,280	21,484	21,031
	522,385	273,519	54,754	328,273	194,112