

**FINANCIAL STATEMENTS**

**RENFREW PARK**

**COMMUNITY ASSOCIATION**

**August 31, 2020**



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## INDEPENDENT AUDITOR'S REPORT

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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, 2020, 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, 2020, 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.
- 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.

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## INDEPENDENT AUDITOR'S REPORT

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- 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  
December 3, 2020

Chartered Professional Accountants



## STATEMENT OF FINANCIAL POSITION

As at August 31

	2020 \$	2019 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash - operating	5,679	217,965
- gaming	67,398	53,096
Guaranteed investment certificates [note 4]	360,000	360,000
Accounts and grants receivable [note 5]	62,748	14,794
Prepaid expenses	2,972	3,482
<b>Total current assets</b>	<b>498,797</b>	<b>649,337</b>
Capital assets [note 6]	5,102	8,341
	<b>503,899</b>	<b>657,678</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals [note 7]	36,015	29,926
Canada Emergency Business Account loan [note 17]	40,000	—
Deferred revenue [note 8]	88,571	117,017
<b>Total liabilities</b>	<b>164,586</b>	<b>146,943</b>
<b>Net assets</b>		
Invested in capital assets [note 11]	5,102	8,341
Internally restricted [note 11]	—	205,000
Unrestricted	334,211	297,394
<b>Total net assets</b>	<b>339,313</b>	<b>510,735</b>
	<b>503,899</b>	<b>657,678</b>

Joint operating agreement [note 15]

COVID-19 [note 16]

See accompanying notes to the financial statements

On behalf of the Board:

Albert Lee  
Director

Chao Cheng  
Director

## STATEMENT OF CHANGES IN NET ASSETS

Year ended August 31

	Invested in Capital Assets \$ [note 11]	Internally Restricted \$ [note 11]	Unrestricted \$	Total \$
<b>2020</b>				
<b>Balance, beginning of year</b>	<b>8,341</b>	<b>205,000</b>	<b>297,394</b>	<b>510,735</b>
Revenues under expenses for the year	(3,239)	—	(168,183)	(171,422)
Interfund transfers	—	(205,000)	205,000	—
<b>Balance, end of year</b>	<b>5,102</b>	<b>—</b>	<b>334,211</b>	<b>339,313</b>
<b>2019</b>				
<b>Balance, beginning of year</b>	1,870	250,000	283,858	535,728
Revenues over (under) expenses for the year	(1,742)	—	(23,251)	(24,993)
Acquisition of capital assets	8,213	—	(8,213)	—
Interfund transfers	—	(45,000)	45,000	—
<b>Balance, end of year</b>	<b>8,341</b>	<b>205,000</b>	<b>297,394</b>	<b>510,735</b>

*See accompanying notes to the financial statements*

## STATEMENT OF OPERATIONS

Year end August 31

	2020	2019
	\$	\$
<b>REVENUE</b>		
Program operations <i>[schedule]</i>	324,245	548,998
Grants <i>[note 9]</i>	73,577	84,341
Direct access gaming <i>[note 10]</i>	49,786	70,568
Wage subsidy - government assistance <i>[note 16]</i>	45,623	—
Facility rentals	24,215	50,564
Vending	9,332	4,617
Other	2,491	2,750
Interest	3,037	4,935
	<b>532,306</b>	<b>766,773</b>
<b>EXPENSES</b>		
Program operations <i>[schedule]</i>	243,753	386,534
Grants expense <i>[notes 9 and 14]</i>	73,577	84,341
Direct access gaming <i>[notes 10 and 14]</i>	49,786	70,568
Group I wages - Park Board <i>[note 14]</i>	23,873	46,763
Bookkeeping and business administration	43,169	42,030
Repairs and maintenance	2,003	21,669
Advertising and brochures (net of recoveries)	10,022	20,750
Employment costs	12,990	19,267
Facility rentals <i>[note 14]</i>	6,901	12,282
Bank, credit card charges and online charges	5,659	11,389
Meetings and development	4,064	7,964
Professional	6,855	7,030
Subscription fee <i>[note 15]</i>	4,090	6,422
Office, supplies and other <i>[note 14]</i>	4,141	4,284
Operation fee <i>[note 15]</i>	11,963	3,731
Amortization of capital assets	3,239	1,742
	<b>506,085</b>	<b>746,766</b>
<b>Revenues over expenses before other items</b>	<b>26,221</b>	<b>20,007</b>
Other items:		
Kitchen renovations - donation <i>[note 11]</i>	50,000	—
- expenditures <i>[note 11]</i>	(247,643)	(45,000)
<b>Revenues under expenses for the year</b>	<b>(171,422)</b>	<b>(24,993)</b>

Joint operating agreement *[note 15]*

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS

Year ended August 31

	2020 \$	2019 \$
<b>OPERATING ACTIVITIES</b>		
Revenues under expenses for the year	(171,422)	(24,993)
Item not affecting cash		
Amortization of capital assets	3,239	1,742
Changes in non-cash working capital items		
Accounts and grants receivable	(47,954)	(4,919)
Prepaid expenses	510	(3,064)
Accounts payable and accruals	6,089	13,791
Deferred revenue	(28,446)	(1,213)
<b>Cash used in operating activities</b>	<b>(237,984)</b>	<b>(18,656)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	—	(8,213)
<b>Cash used in investing activities</b>	<b>—</b>	<b>(8,213)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loan	40,000	—
<b>Cash provided by financing activities</b>	<b>40,000</b>	<b>—</b>
<b>Decrease in cash during the year</b>	<b>(197,984)</b>	<b>(26,869)</b>
Cash, beginning of year	271,061	297,930
<b>Cash, end of year</b>	<b>73,077</b>	<b>271,061</b>
<b>Cash consists of:</b>		
Operating	5,679	217,965
Gaming	67,398	53,096
<b>Totals</b>	<b>73,077</b>	<b>271,061</b>

*See accompanying notes to the financial statements*

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2020

### 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 15]*.

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 area requiring the use of management estimates include the estimated useful lives of capital assets. 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

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August 31, 2020

### 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**

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August 31, 2020

**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 a variable interest rate and a maturity date of December 2020.

The Association also holds a GIC in the amount of \$10,000 with a variable interest rate and a maturity date of January 2021.

**5. ACCOUNTS AND GRANTS RECEIVABLE**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Grants and other	<b>53,800</b>	10,358
Park Board	<b>7,688</b>	1,491
Interest	<b>1,260</b>	2,945
	<b>62,748</b>	14,794
Allowance for doubtful accounts	—	—
	<b>62,748</b>	14,794

**6. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2020</b>			
Furniture and equipment	<b>8,213</b>	<b>3,111</b>	<b>5,102</b>
<b>2019</b>			
Furniture and equipment	340,453	332,112	8,341

## NOTES TO FINANCIAL STATEMENTS

August 31, 2020

### 7. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
	\$	\$
Trade and accruals	21,379	16,742
Government remittances - payroll	2,323	—
- WorkSafe BC	350	801
Park Board	11,963	12,383
	<b>36,015</b>	<b>29,926</b>

### 8. DEFERRED REVENUE

	2020	2019
	\$	\$
Gaming	67,398	49,383
Programs	—	40,416
Licensed preschool fees	9,388	15,972
Various grants	9,845	7,745
Rentals	1,940	2,327
Other	—	1,174
	<b>88,571</b>	<b>117,017</b>

### 9. GRANTS

	2020	2019
	\$	\$
Summer camp	30,529	42,145
Childcare operating	19,111	14,519
BC Centre for Ability Association	8,622	22,427
Wage Enhancement	5,004	—
New Horizons	5,000	—
Moresports	4,311	—
BCRPA Family Day	1,000	1,000
Artists in Community	—	4,000
Other	—	250
	<b>73,577</b>	<b>84,341</b>

**NOTES TO FINANCIAL STATEMENTS**

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August 31, 2020**10. DIRECT ACCESS GAMING EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Renfrew Youth Development		
- Wages and benefits	<b>16,546</b>	21,836
- Supplies and other	<b>3,682</b>	8,440
Renfrew Ravine Moon Festival		
- Wages and benefits	<b>14,559</b>	13,890
Renfrew Lunch program		
- Wages and benefits	<b>6,244</b>	13,027
- Supplies and other	<b>1,195</b>	2,186
Seniors Multicultural		
- Wages and benefits	<b>7,104</b>	8,612
- Supplies and other	<b>456</b>	2,577
<b>Total</b>	<b>49,786</b>	70,568

**11. 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:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Community kitchen renovations	—	205,000

**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, \$247,643 [2019 - \$45,000] was spent on community kitchen renovations, reducing the internal restriction to \$Nil. In 2020, \$50,000 [2019 - \$Nil] was donated to the Association to be used towards the community kitchen renovations.

**Invested in Capital Assets**

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

## **NOTES TO FINANCIAL STATEMENTS**

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August 31, 2020

### **12. 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.

### **13. 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, 2020.

#### **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.

### **14. 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.

## **NOTES TO FINANCIAL STATEMENTS**

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August 31, 2020

### **14. WAGES AND CONTRACTOR REMUNERATION (CONT'D)**

In 2020, contractors, wages and benefits include \$75,270 [2019 - \$81,583] of expense provided by a contractor for Group I wages. Of this amount, \$27,866 [2019 - \$5,331] is included in program operations - wages and contractors, \$4,420 [2019 - \$5,653] is included in grant expense, \$23,873 [2019 - \$46,763] is included in Group I wages - Park Board, \$17,183 [2019 - \$22,622] is included in direct access gaming, \$1,928 [2019 - \$Nil] is included in facility rentals, and \$Nil [2019 - \$1,214] is included in office, supplies and other. The Group I wages cover the cost of several employees.

### **15. 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.

### **16. COVID-19**

In March 2020, due to COVID-19, the City of Vancouver and the Vancouver Park Board closed all Vancouver community centres including the Renfrew Park Community Centre, thus forcing cancellation of all the Association's on-going programs, including the child care programs. Licensed Preschool did not resume operations until September 21, 2020. As of October 13, 2020, the Centre reopened seven days a week with reduced hours to accommodate programs that can be safely delivered during the pandemic.

The Association is anticipating a reduction in revenue over expenses, which will correspond to the duration of the COVID-19 crisis, and is taking steps to minimize, mitigate and defer discretionary costs. The Association believes that with their current cash reserves and the approach they are taking with respect to managing the crisis, the Association will be able to return to normal operations once it is deemed safe to do so.

The Association applied for and received a Canada Emergency Wage Subsidy grant to cover 75% of the salaries of its employees for the period March through August 2020.

**NOTES TO FINANCIAL STATEMENTS**

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August 31, 2020

**17. CANADA EMERGENCY BUSINESS ACCOUNT LOAN**

The Association also applied for and received a \$40,000 loan under the Canada Emergency Business Account. The loan is non-interest bearing until December 31, 2022, and then interest accrues at the prime rate until December 31, 2025, when the loan is due. If the loan is repaid on or before December 31, 2022, \$10,000 of the loan will be forgiven.

**18. COMPARATIVE FIGURES**

Certain prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.

## SCHEDULE OF REVENUES AND EXPENSES - PROGRAM OPERATIONS

Year ended August 31

	Revenue \$	Expenses		Total \$	Net Income (Loss) \$
		Wages and Contractors \$	Supplies and Other \$		
<b>2020</b>		<i>[note 14]</i>			
Licensed preschool	103,220	69,972	3,908	73,880	29,340
Preschoolers	22,448	14,538	577	15,115	7,333
Children	89,166	59,879	2,796	62,675	26,491
Adult	48,050	25,967	992	26,959	21,091
Senior	36,856	30,869	6,902	37,771	(915)
Chinese Seniors	6,970	—	5,425	5,425	1,545
Special events	2,691	4,767	5,262	10,029	(7,338)
Summer Day Camp	14,844	8,360	3,539	11,899	2,945
	<b>324,245</b>	<b>214,352</b>	<b>29,401</b>	<b>243,753</b>	<b>80,492</b>
<b>2019</b>					
Licensed preschool	148,794	109,352	7,308	116,660	32,134
Preschoolers	30,444	15,712	1,165	16,877	13,567
Children	148,014	96,883	12,966	109,849	38,165
Adult	69,240	36,249	3,830	40,079	29,161
Senior	71,670	19,478	15,540	35,018	36,652
Chinese Seniors	10,157	—	10,157	10,157	—
Special events	1,735	8,466	4,974	13,440	(11,705)
Summer Day Camp	68,944	19,864	24,590	44,454	24,490
	<b>548,998</b>	<b>306,004</b>	<b>80,530</b>	<b>386,534</b>	<b>162,464</b>