

Financial Statements of

**BURNSIDE GORGE
COMMUNITY ASSOCIATION**

Year ended August 31, 2009



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AUDITORS' REPORT

To the Members of the Burnside Gorge Community Association

We have audited the statement of financial position of Burnside Gorge Community Association as at August 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Association derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the donation revenue was limited to the amounts recorded in the records of the Association, and we were not able to determine whether any adjustments might be necessary to donation revenue, deferred contributions, deferred capital contributions, excess (deficiency) of revenue over expenses and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Victoria, Canada

November 6, 2009

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

August 31, 2009, with comparative figures for 2008

	General Fund	Capital Fund	2009 Total	2008 Total
Assets				
Current assets:				
Cash	\$ 320,012	\$ -	\$ 320,012	\$ 399,117
Investments	306,965	11,000	317,965	317,360
Accounts receivable	20,303	-	20,303	39,030
Prepaid expenses	3,439	-	3,439	4,052
	650,719	11,000	661,719	759,559
Capital assets (note 2)	-	204,875	204,875	217,898
	\$ 650,719	\$ 215,875	\$ 866,594	\$ 977,457

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 103,754	\$ -	\$ 103,754	\$ 132,286
Deferred contributions (note 3)	350,129	-	350,129	397,024
Deferred capital contributions (note 4)	-	132,793	132,793	107,572
Fund balances:				
Unrestricted	196,836	11,000	207,836	220,249
Invested in capital assets	-	72,082	72,082	120,326
	196,836	83,082	279,918	340,575
Commitment (note 6)	\$ 650,719	\$ 215,875	\$ 866,594	\$ 977,457

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Changes in Fund Balances

Year ended August 31, 2009, with comparative figures for 2008

	General Fund	Capital Fund	2009 Total	2008 Total
Revenue (Schedule):				
Grants and contracts	\$ 927,639	\$ -	\$ 927,639	\$ 1,108,147
Programs	395,022	-	395,022	418,481
Other	522,266	41,760	564,026	482,829
	<u>1,844,927</u>	<u>41,760</u>	<u>1,886,687</u>	<u>2,009,457</u>
Expenses:				
Salaries and benefits	1,348,104	-	1,348,104	1,447,686
Program supplies	299,703	-	299,703	295,839
Office and general	136,013	-	136,013	175,870
Rent, maintenance and security	59,254	-	59,254	86,913
Sundry	9,190	-	9,190	11,562
Instructor fees	11,347	-	11,347	24,190
Amortization	-	77,039	77,039	79,905
BC Housing Emergency Shelter	6,694	-	6,694	2,152
	<u>1,870,305</u>	<u>77,039</u>	<u>1,947,344</u>	<u>2,124,117</u>
Deficiency of revenue over expenses	(25,378)	(35,279)	(60,657)	(114,660)
Interfund transfers	1,965	(1,965)	-	-
Fund balances, beginning of year	220,249	120,326	340,575	455,235
Fund balances, end of year	\$ 196,836	\$ 83,082	\$ 279,918	\$ 340,575

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Cash flows from operating activities:		
Cash received from grants, programs, contracts and other	\$ 1,880,906	\$ 2,182,557
Interest income	11,114	20,668
	<u>1,892,020</u>	<u>2,203,225</u>
Cash paid for:		
Salaries and benefits	(1,373,767)	(1,443,604)
Program supplies	(301,959)	(367,983)
Other services	(222,498)	(300,687)
	<u>(1,898,224)</u>	<u>(2,112,274)</u>
	(6,204)	90,951
Investing:		
Purchase of capital assets	(70,758)	(75,435)
Purchase of investments	(2,143)	(10,461)
	<u>(72,901)</u>	<u>(85,896)</u>
Net change in cash	(79,105)	5,055
Cash, beginning of year	399,117	394,062
Cash, end of year	<u>\$ 320,012</u>	<u>\$ 399,117</u>

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2009

Burnside Gorge Community Association (the "Association") is incorporated under the Society Act (British Columbia). Its purpose is to promote, facilitate, support or undertake activities that:

- (a) encourage a preventative approach to the maintenance and improvement of health care and social conditions in the community;
- (b) consult with residents concerning policies, planning and program delivery in the areas of family support, counseling, child care and community education;
- (c) enter into contracts with various agencies to improve the well being of the community in the areas of family support, counseling, child care and community education; and
- (d) establish, promote and operate facilities which provide public amenities to benefit the community.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Fund accounting:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Association, such resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified.

Revenue and expenses related to program delivery and administrative activities are reported in the General Fund.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Association's capital assets.

(b) Revenue recognition:

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2009

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost other than donated assets, which are recorded at their estimated fair market value upon receipt.

The following assets are amortized on a straight-line basis over their estimated useful life.

Asset	Rate
Vehicle	10 years
Furniture and equipment	5 years
Computer hardware	3 years
Leasehold improvements	remaining lease term

(d) Volunteers:

A number of people donate time and expertise to the Association across its operations. However, since no objective basis exists for recording and assigning fair values to donated time, the value of this time has not been reflected in these financial statements.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(f) Financial instruments:

The Association has designated its cash and investments as held-for-trading, and carries them at fair value with changes in fair value recognized in other revenue. Accounts receivable are classified as loans and receivables and accounts payable are classified as other liabilities. These accounts are measured at amortized cost.

It is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from financial instruments.

The Association follows the provisions of CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2009

1. Significant accounting policies (continued):

(g) New accounting pronouncements:

(i) Capital disclosures:

Effective September 1, 2008, the Association adopted Handbook Section 1535, *Capital Disclosures*. Under this new standard, the Association is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the Association's objectives, policies, and processes for managing capital. It also includes disclosure regarding what the Association regards as capital, whether the Association has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements (note 5).

(ii) Assessing going concern:

Effective September 1, 2008, the Association implemented CICA Handbook Section 1400, *General Standards of Financial Statement Presentation*, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the Association's ability to continue as a going concern based on the assumption that the current membership levels are maintained and any committed additional future funding is received. If there are significant declines in revenues, expenses will be adjusted to match committed funding.

(h) Future accounting pronouncement:

Revisions to Not-for-Profit accounting standards:

In September 2008, the CICA issued amendments to Handbook Sections 4400, *Financial Statement Presentation by Not-for-Profit Organizations* and 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. These amendments are effective for the Association's fiscal year commencing September 1, 2009 and remove the requirement to disclose fund balances invested in capital assets, expand interim financial statement requirements to not-for-profit organizations that prepare interim financial statements, require disclosure of allocated fundraising and general support for expenses by not-for-profit organizations, and include the requirement to follow Handbook Section 1540, *Cash Flow Statements*. The Association does not believe these amendments will have a material impact on its financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2009

2. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Vehicle	\$ 89,130	\$ 19,790	\$ 69,340	\$ 10,878
Computer hardware	93,533	92,184	1,349	6,615
Computer software	2,579	2,579	-	-
Furniture and equipment	261,018	150,099	110,919	170,918
Leasehold improvements	38,299	15,032	23,267	29,487
	<u>\$ 484,559</u>	<u>\$ 279,684</u>	<u>\$ 204,875</u>	<u>\$ 217,898</u>

3. Deferred contributions:

Deferred contributions relate to restricted operating funding received in the current year or prior years that are related to future years.

The changes for the year are as follows:

	2009	2008
Balance opening	\$ 397,024	\$ 209,437
Less amounts recognized as revenue in the year:		
Government grants	(128,598)	(173,896)
Grants - foundation/organizations	(29,671)	(19,350)
Received related to future years:		
Government grants	40,627	351,904
Grants - foundations/organizations	70,747	28,929
Balance closing	<u>\$ 350,129</u>	<u>\$ 397,024</u>

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2009

4. Deferred capital contributions:

Deferred capital contributions include unspent and unamortized portions of capital contributions.

The changes for the year are as follows:

	2009	2008
Balance opening	\$ 107,572	\$ 105,439
Restricted contributions received	64,147	10,000
Amounts recognized as revenue	(32,184)	(27,606)
Donated assets received	1,050	19,739
Unamortized portion of capital contributions relating to donated assets disposed	(7,792)	-
Balance closing	\$ 132,793	\$ 107,572

5. Capital management:

The Association defines capital to be its fund balances. The Association receives its principal source of capital through grants. The Association's objective when managing capital is to fund its operations. The Association manages the capital structure in conjunction with available funds and makes adjustments based on available resources and economic conditions. Currently, the Association's strategy is to monitor expenses to preserve capital in accordance with budgeted revenues.

The Association is not subject to significant debt covenants or any other capital requirements with respect to revenues. Revenues received for designated purposes must be used in accordance with those purposes. The Association has complied with the external restrictions on the revenues received.

6. Commitment:

Commencing in the 2010 fiscal year, the Association is required to contribute \$30,000 annually to the City of Victoria towards maintenance and upkeep of its rental premises under its operating agreement with the City of Victoria.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2009

7. Financial instruments:

The fair value of cash, investments, accounts receivable and accounts payable and accrued liabilities approximate their carrying value.

8. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Schedule of Revenue

Year ended August 31, 2009, with comparative figures for 2008

	General Fund	Capital Fund	2009	2008
Grants and contracts:				
Ministry of Children and Family Development	\$ 259,736	\$ -	\$ 259,736	\$ 271,380
School District #61	249,239	-	249,239	279,745
BC Housing	205,042	-	205,042	60,000
Ministry of Housing and Social Development	105,000	-	105,000	283,797
Vancity	-	-	-	80,000
City of Victoria	53,853	-	53,853	56,749
Public Health Agency of Canada - Community Action Program	19,795	-	19,795	19,698
Other	11,959	-	11,959	17,792
United Way - Youth Centre	11,250	-	11,250	19,870
Vancouver Foundation	-	-	-	9,425
BC Housing Emergency Shelter	6,694	-	6,694	2,152
Human Resources Development Canada	5,071	-	5,071	5,387
	927,639	-	927,639	1,108,147
Programs:				
Childcare	363,830	-	363,830	354,367
Community recreation and education	31,192	-	31,192	64,114
	395,022	-	395,022	418,481
Other:				
Casino and bingo	72,000	-	72,000	72,000
Community chest	2,375	-	2,375	11,658
Donations	43,235	-	43,235	27,635
Interest and investment income	-	9,576	9,576	21,276
Rental income	188,589	-	188,589	189,117
Special events	36,656	-	36,656	25,828
Amortization of deferred capital contributions	-	32,184	32,184	27,607
Sundry	179,411	-	179,411	107,708
	522,266	41,760	564,026	482,829
	\$ 1,844,927	\$ 41,760	\$ 1,886,687	\$ 2,009,457