

Financial Statements of

**BURNSIDE GORGE COMMUNITY
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended August 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of the Burnside Gorge Community Association

Opinion

We have audited the financial statements of Burnside Gorge Community Association (the Entity), which comprise:

- the statement of financial position as at end of August 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at end of August 31, 2019, and its results of 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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 Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Burnside Gorge Community Association in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Victoria, Canada
December 9, 2019

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

August 31, 2019, with comparative information for 2018

	General Fund	Capital Fund	2019	2018
(Schedule 2)				
Assets				
Current assets:				
Cash and cash equivalents (note 5)	\$ 735,467	\$ -	\$ 735,467	\$ 523,391
Short-term investments (note 2)	338,540	-	338,540	337,815
Accounts receivable	52,526	-	52,526	45,079
Prepaid expenses	4,826	-	4,826	3,269
Interfund receivable (payable)	(43,386)	43,386	-	-
	1,087,973	43,386	1,131,359	909,554
Capital assets (note 3)	-	14,174	14,174	19,205
	\$ 1,087,973	\$ 57,560	\$ 1,145,533	\$ 928,759

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 4)	\$ 108,069	\$ -	\$ 108,069	\$ 109,036
Deferred contributions (note 5)	526,069	-	526,069	420,305
Deferred capital contributions (note 6)	-	47,278	47,278	3,724
Fund balances:				
Unrestricted	233,835	43,386	277,221	160,213
Internally restricted (note 7)	220,000	-	220,000	220,000
Invested in capital assets	-	(33,104)	(33,104)	15,481
	453,835	10,282	464,117	395,694
Commitments (note 8)				
	\$ 1,087,973	\$ 57,560	\$ 1,145,533	\$ 928,759

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, 2019, with comparative information for 2018

	General Fund	Capital Fund	2019	2018
				(Schedule 3)
Revenue (Schedule 1):				
Grants and contracts	\$ 1,438,517	\$ -	\$ 1,438,517	\$ 1,421,741
Programs	423,977	-	423,977	425,477
Other	184,504	1,185	185,689	206,624
	2,046,998	1,185	2,048,183	2,053,842
Expenses:				
Salaries and benefits	1,566,469	-	1,566,469	1,554,717
Program supplies	246,749	-	246,749	269,631
Office and general	78,454	-	78,454	80,129
Bursaries	-	-	-	2,500
Rent, maintenance and security	65,260	-	65,260	56,874
Sundry	6,029	-	6,029	4,582
Instructor fees	8,709	-	8,709	8,650
Amortization	-	8,090	8,090	18,166
	1,971,670	8,090	1,979,760	1,995,249
Excess (deficiency) of revenue over expenses	75,328	(6,905)	68,423	58,593
Interfund transfer for purchase of capital assets	(1,706)	1,706	-	-
Fund balances, beginning of year	380,213	15,481	395,694	337,101
Fund balances, end of year	\$ 453,835	\$ 10,282	\$ 464,117	\$ 395,694

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Cash flows from operating activities:		
Cash received from grants, programs, contracts and other	\$ 2,184,719	\$ 2,064,822
Interest income	4,610	3,773
	<u>2,189,329</u>	<u>2,068,595</u>
Cash paid for:		
Salaries and benefits	(1,564,510)	(1,557,704)
Program supplies	(251,232)	(302,425)
Other services	(158,452)	(152,734)
	<u>(1,974,194)</u>	<u>(2,012,863)</u>
	215,135	55,732
Cash flows from investing activities:		
Purchase of capital assets	(1,706)	(13,749)
Contributions used for the purchase of capital assets	(1,353)	-
	<u>(3,059)</u>	<u>(13,749)</u>
Increase in cash and cash equivalents	212,076	41,983
Cash and cash equivalents, beginning of year	523,391	481,408
Cash and cash equivalents, end of year	<u>\$ 735,467</u>	<u>\$ 523,391</u>

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2019

Burnside Gorge Community Association (the "Association") is incorporated under the Society Act (British Columbia). On November 28, 2016, the new Societies Act (British Columbia) became effective and the Association has transitioned to the new act. The Association's purpose is to lead, promote and support prevention and intervention based initiatives which encourage healthy, inclusive, and socially just living. This is accomplished through:

Engaging and consulting with our communities concerning issues and developments important to our residents and businesses.

Providing a continuum of high quality programs and supports that strengthen the lives of children, youth and families in Greater Victoria.

Establishing, promoting and operating facilities that provide public amenities to benefit the community.

Cultivating community connections and a sense of community pride through celebrations and initiatives.

Advocating in the best interest of our community and ensuring a representative voice for all of those we serve.

Fostering work place practices that support employees and strengthen our efforts to be a model employer.

Supporting the provision of housing for low and moderate income households.

1. Significant accounting policies:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations 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.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

(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.

Deferred capital contributions:

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are not transferred to unamortized deferred capital contributions or recognized as revenue, but are recorded as a direct increase in fund balance in the period the asset is acquired. Capital donations of depreciable assets are recorded at fair value when a fair value can be reasonably estimated.

(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
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	remaining lease term

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2019

1. Significant accounting policies (continued):

(d) Contributed materials and services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased. A number of people donate time and expertise to the Association across its operations. As no objective basis exists to record and assign fair values to such contributions the value of this time has not been reflected in these financial statements.

(e) Use of estimates:

The preparation of financial statements 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. The significant area requiring the use of management's estimates and assumptions relates to the estimation of useful lives for the amortization of capital assets. Actual results could differ from estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2019

2. Short-term investments:

Short-term investments consist of three term deposits and accrued interest. The first deposit of \$102,695 matures on October 20, 2019 and bears interest annually at 0.90%. The second deposit of \$220,000 is cashable on demand, matures March 12, 2020 and bears interest of 1.10% in the first year, 1.50% in the second year, and 2.20% in the third year. The third deposit of \$12,500 matures on June 10, 2020 and bears interest annually at 0.90%.

3. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Vehicle	\$ 89,130	\$ 89,130	\$ -	\$ -
Computer equipment	96,718	95,287	1,431	2,800
Furniture and equipment	285,795	281,275	4,520	4,959
Leasehold improvements	75,214	66,991	8,223	11,446
	\$ 546,857	\$ 532,683	\$ 14,174	\$ 19,205

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$28,199 (2018 - \$27,958) which includes amounts payable for worker's safety insurance and payroll related remittances.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2019

5. Deferred contributions:

(a) 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:

	2019	2018
Balance opening	\$ 420,305	\$ 425,917
Transferred to deferred capital contributions	(28,386)	-
Received related to future years:		
Government grants	240,283	229,847
Grants - foundations/organizations	285,786	190,458
Amounts recognized as revenue in the year:		
Government grants	(201,461)	(193,402)
Grants - foundations/organizations	(190,458)	(232,515)
Balance closing	\$ 526,069	\$ 420,305

(b) Gaming grants:

Included in deferred contributions are gaming grants received from the provincial government. There are restrictions over the use and maintenance of these funds. Deferred gaming grants included in deferred contributions are as follows:

	2019	2018
Opening deferred gaming grants	\$ 122,686	\$ 79,300
Amounts received during the year	94,300	122,686
Amounts recognized as revenue	(94,300)	(79,300)
Ending deferred gaming grants	\$ 122,686	\$ 122,686

Deferred gaming funds of \$122,703 (2018 - \$128,118) are held as restricted cash.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2019

6. Deferred capital contributions:

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

The changes for the year are as follows:

	2019	2018
Balance opening	\$ 3,724	\$ 12,963
Amounts transferred from deferred contributions	28,386	-
Restricted contributions received	16,353	-
Amounts recognized as revenue	(1,185)	(9,239)
Balance closing	\$ 47,278	\$ 3,724

Unexpended contributions in 2019 total \$43,386 (2018 - nil).

7. Transfer to internally restricted:

During the 2013 fiscal year the Board approved the transfer of \$220,000 of unrestricted funds to an internally restricted reserve to be used only in the event of a complete shut down of the Association to cover the costs of shutting down.

8. Commitments:

The Association is required to contribute \$32,250 plus an amount equal to the increase, over the previous 12 months, in the Consumer Price Index, annually to the City of Victoria towards maintenance and upkeep of its rental premises under its operating agreement with the City of Victoria.

The Association's obligation under operating leases for photocopy equipment is as follows:

2020	\$	2,984
2021		2,984
2022		2,238
	\$	8,206

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2019

9. Financial instruments:

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

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash, short-term investments and accounts receivable the Association's credit risk is limited to the carrying value on the balance sheet.

The Association manages the risk associated with the concentration of credit risk through its policy of dealing with high credit quality financial institutions.

There has been no change in the risk exposures from 2018/19.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Schedule of Revenue

Schedule 1

Year ended August 31, 2019, with comparative information for 2018

	General Fund	Capital Fund	2019	2018
Grants and contracts:				
Ministry of Children and Family Development	\$ 373,697	\$ -	\$ 373,697	\$ 383,286
School District #61	405,393	-	405,393	360,626
BC Housing	307,980	-	307,980	277,346
VanCity	10,000	-	10,000	24,833
City of Victoria	112,892	-	112,892	113,552
Public Health Agency of Canada - Community Action Program	19,863	-	19,863	19,784
Other	101,574	-	101,574	151,098
Victoria Foundation	27,333	-	27,333	13,533
United Way	59,995	-	59,995	67,500
Human Resources Development Canada	19,790	-	19,790	10,183
	<u>1,438,517</u>	<u>-</u>	<u>1,438,517</u>	<u>1,421,741</u>
Programs:				
Childcare	370,800	-	370,800	374,753
Community recreation and education	53,177	-	53,177	50,724
	<u>423,977</u>	<u>-</u>	<u>423,977</u>	<u>425,477</u>
Other:				
Community gaming	94,300	-	94,300	79,300
Community chest	1,571	-	1,571	16,048
Donations	24,519	-	24,519	31,483
Interest and investment income	5,335	-	5,335	4,099
Rental income	31,313	-	31,313	36,732
Special events	8,479	-	8,479	16,006
Amortization of deferred capital contributions	-	1,185	1,185	9,239
Sundry	18,987	-	18,987	13,717
	<u>184,504</u>	<u>1,185</u>	<u>185,689</u>	<u>206,624</u>
	<u>\$ 2,046,998</u>	<u>\$ 1,185</u>	<u>\$ 2,048,183</u>	<u>\$ 2,053,842</u>

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

Schedule 2

August 31, 2018

	General Fund	Capital Fund	2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 523,391	\$ -	\$ 523,391
Short-term investments (note 2)	337,815	-	337,815
Accounts receivable	45,079	-	45,079
Prepaid expenses	3,269	-	3,269
	<u>909,554</u>	<u>-</u>	<u>909,554</u>
Capital assets (note 3)	-	19,205	19,205
	<u>\$ 909,554</u>	<u>\$ 19,205</u>	<u>\$ 928,759</u>

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities (note 4)	\$ 109,036	\$ -	\$ 109,036
Deferred contributions (note 5)	420,305	-	420,305
Deferred capital contributions (note 6)	-	3,724	3,724
Fund balances:			
Unrestricted	160,213	-	160,213
Internally restricted	220,000	-	220,000
Invested in capital assets	-	15,481	15,481
	<u>380,213</u>	<u>15,481</u>	<u>395,694</u>
Commitments (note 8)			
	<u>\$ 909,554</u>	<u>\$ 19,205</u>	<u>\$ 928,759</u>

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Changes in Fund Balances

Schedule 3

Year ended August 31, 2018

	General Fund	Capital Fund	2018
Revenue:			
Grants and contracts	\$ 1,421,741	\$ -	\$ 1,421,741
Programs	425,477	-	425,477
Other	197,385	9,239	206,624
	<u>2,044,603</u>	<u>9,239</u>	<u>2,053,842</u>
Expenses:			
Salaries and benefits	1,554,717	-	1,554,717
Program supplies	269,631	-	269,631
Office and general	80,129	-	80,129
Bursaries	2,500	-	2,500
Rent, maintenance and security	56,874	-	56,874
Sundry	4,582	-	4,582
Instructor fees	8,650	-	8,650
Amortization	-	18,166	18,166
	<u>1,977,083</u>	<u>18,166</u>	<u>1,995,249</u>
Excess (deficiency) of revenue over expenses	67,520	(8,927)	58,593
Interfund transfer for purchase of capital assets	(13,748)	13,748	-
Fund balances, beginning of year	326,441	10,660	337,101
Fund balances, end of year	<u>\$ 380,213</u>	<u>\$ 15,481</u>	<u>\$ 395,694</u>