

Financial Statements of

**BURNSIDE GORGE
COMMUNITY ASSOCIATION**

Years ended August 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of the Burnside Gorge Community Association

Report on the Financial Statements

We have audited the accompanying financial statements of Burnside Gorge Community Association, which comprise the statements of financial position as at August 31, 2013, August 31, 2012 and September 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended August 31, 2013 and August 31, 2012, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 our 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, we consider internal control relevant to the entity'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 entity'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 audits is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

In common with many charitable organizations, Burnside Gorge Community Association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Burnside Gorge Community Association. Therefore, we were not able to determine whether, as at August 31, 2013, August 31, 2012 and September 1, 2011 and for the years ended August 31, 2013 and August 31, 2012 any adjustments might be necessary to other revenue and excess of revenues over expenses reported in the statements of operations and changes in fund balances, excess of revenues over expenses reported in the statements of cash flows and current assets and unrestricted fund balances reported in the statements of financial position.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Burnside Gorge Community Association as at August 31, 2013 and August 31, 2012 and September 1, 2012, and its results of operations and its cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

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 long, horizontal, slightly wavy line that underlines the text.

Chartered Accountants

December 16, 2013

Victoria, Canada

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statements of Financial Position

August 31, 2013, August 31, 2012 and September 1, 2011


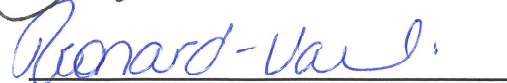
	General Fund	Capital Fund	August 31, 2013	August 31, 2012	September 1, 2011
(Schedule 3)					
Assets					
Current assets:					
Cash	\$ 180,882	\$ -	\$ 180,882	\$ 261,827	\$ 207,642
Investments (note 2)	324,346	-	324,346	321,523	319,634
Accounts receivable	83,832	-	83,832	28,717	31,001
Prepaid expenses	11,122	-	11,122	7,844	4,952
	600,182	-	600,182	619,911	563,229
Capital assets (note 3)	-	75,291	75,291	65,093	90,859
	\$ 600,182	\$ 75,291	\$ 675,473	\$ 685,004	\$ 654,088

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities (note 4)	\$ 133,025	\$ -	\$ 133,025	\$ 128,419	\$ 120,695
Deferred contributions (note 5)	218,884	-	218,884	223,394	210,955
Deferred capital contributions (note 6)	-	57,637	57,637	41,363	64,281
Fund balances:					
Unrestricted	28,273	-	28,273	268,098	231,579
Internally restricted (note 7)	220,000	-	220,000	-	-
Invested in capital assets	-	17,654	17,654	23,730	26,578
	248,273	17,654	265,927	291,828	258,157
Commitments (note 8)	\$ 600,182	\$ 75,291	\$ 675,473	\$ 685,004	\$ 654,088

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statements of Operations and Changes in Fund Balances

Years ended August 31, 2013 and 2012

	General Fund		Capital Fund					
			2013	2012				
	(Schedule 4)							
Revenue (Schedule 1):								
Grants and contracts	\$	1,181,292	\$	-	\$	1,181,292	\$	1,158,297
Programs		369,677		-		369,677		401,011
Other		313,745		13,635		327,380		343,153
		<u>1,864,714</u>		<u>13,635</u>		<u>1,878,349</u>		<u>1,902,461</u>
Expenses:								
Salaries and benefits		1,499,651		-		1,499,651		1,447,642
Program supplies		154,015		-		154,015		166,730
Office and general		123,015		-		123,015		132,241
Rent, maintenance and security		83,116		-		83,116		65,011
Sundry		11,567		-		11,567		13,941
Instructor fees		7,601		-		7,601		9,492
Amortization		-		25,285		25,285		33,733
		<u>1,878,965</u>		<u>25,285</u>		<u>1,904,250</u>		<u>1,868,790</u>
Excess (deficiency) of revenue over expenses		(14,251)		(11,650)		(25,901)		33,671
Interfund transfer for purchase of capital assets		(5,574)		5,574		-		-
Fund balances, beginning of year		268,098		23,730		291,828		258,157
Fund balances, end of year	\$	<u>248,273</u>	\$	<u>17,654</u>	\$	<u>265,927</u>	\$	<u>291,828</u>

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Cash Flows

Years ended August 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Cash flows from operating activities:		
Cash received from grants, programs, contracts and other	\$ 1,801,333	\$ 1,891,224
Interest income	3,047	3,142
	<u>1,804,380</u>	<u>1,894,366</u>
Cash paid for:		
Salaries and benefits	(1,490,800)	(1,486,300)
Program supplies	(161,538)	(123,241)
Other services	(225,299)	(220,684)
	<u>(1,877,637)</u>	<u>(1,830,225)</u>
	(73,257)	64,141
Investing:		
Increase in deferred capital contributions	29,909	-
Purchase of capital assets	(35,483)	(7,967)
Purchase of investments	(2,114)	(1,989)
	<u>(7,688)</u>	<u>(9,956)</u>
Increase (decrease) in cash	(80,945)	54,185
Cash, beginning of year	261,827	207,642
Cash, end of year	<u>\$ 180,882</u>	<u>\$ 261,827</u>

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Years ended August 31, 2013 and 2012

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, counselling, 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, counselling, child care and community education; and
- (d) establish, promote and operate facilities which provide public amenities to benefit the community.

On September 1, 2012, the Association adopted Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with these standards.

In accordance with the transitional provisions in ASNPO, the Association has adopted the changes retrospectively. The transition date is September 1, 2011 and all comparative information provided has been presented by applying ASNPO.

There were no transitional adjustments to fund balances at September 1, 2011 or excess (deficiency) of revenue over expenses for the year ended August 31, 2012 as a result of the transition to ASNPO.

1. Significant accounting policies:

These financial statements have been 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)

Years ended August 31, 2013 and 2012

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)

Years ended August 31, 2013 and 2012

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 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)

Years ended August 31, 2013 and 2012

2. Investments:

Investments consist of two term deposits which mature within the next 12 months and bear interest annually at 1.30% and 1.45%.

3. Capital assets:

	August 31, 2013		August 31, 2012		September 1, 2011	
	Cost	Accumulated amortization	Net book value	Net book value	Net book value	Net book value
Vehicle	\$ 89,130	\$ 55,442	\$ 33,688	\$ 42,601	\$ 51,514	
Computer equipment	117,429	113,670	3,759	9,583	8,767	
Furniture and equipment	281,469	254,143	27,326	1,360	8,831	
Leasehold improvements	65,177	54,659	10,518	11,549	21,747	
	\$ 553,205	\$ 477,914	\$ 75,291	\$ 65,093	\$ 90,859	

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$24,132 (2012 - \$22,100) which includes amounts payable for worker's safety insurance and payroll related remittances.

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:

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012

5. Deferred contributions (continued):

a) Deferred contributions (continued):

	2013	2012
Balance opening	\$ 223,394	\$ 210,955
Less amounts recognized as revenue in the year:		
Government grants	(139,592)	(121,870)
Grants - foundations/organizations	(83,802)	(68,414)
Received related to future years:		
Government grants	142,916	131,117
Grants - foundations/organizations	75,968	71,606
Balance closing	\$ 218,884	\$ 223,394

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:

	2013	2012
Opening deferred gaming grants	\$ 74,500	\$ 87,100
Amounts received during the year	80,000	76,000
Amounts recognized as revenue	(74,500)	(88,600)
Ending deferred gaming grants	\$ 80,000	\$ 74,500

6. Deferred capital contributions:

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

The changes for the year are as follows:

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012

6. Deferred capital contributions: (continued):

	2013	2012
Balance opening	\$ 41,363	\$ 64,281
Amounts recognized as revenue	(13,635)	(22,918)
Donated assets received	29,909	-
Balance closing	\$ 57,637	\$ 41,363

There were no unexpended contributions in 2013 (2012- \$nil).

7. Transfer to internally restricted:

During the 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 \$30,600 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:

2014	\$	2,819
2015		2,819
2016		394
	\$	6,032

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012

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, 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.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Schedule of Revenue

Schedule 1

Years ended August 31, 2013 and 2012

	General Fund	Capital Fund	2013	2012
Grants and contracts:				
Ministry of Children and Family Development	\$ 323,545	\$ -	\$ 323,545	\$ 339,565
School District #61	288,177	-	288,177	275,367
BC Housing	202,851	-	202,851	182,851
Vancity	34,337	-	34,337	41,000
City of Victoria	73,650	-	73,650	64,166
Public Health Agency of Canada - Community Action Program	20,306	-	20,306	19,692
Other	161,558	-	161,558	155,177
Victoria Foundation	11,460	-	11,460	6,598
United Way - Youth Centre	56,500	-	56,500	65,975
Human Resources Development Canada	8,908	-	8,908	7,906
	1,181,292	-	1,181,292	1,158,297
Programs:				
Childcare	332,255	-	332,255	356,155
Community recreation and education	37,422	-	37,422	44,856
	369,677	-	369,677	401,011
Other:				
Casino and bingo	77,500	-	77,500	88,600
Community chest	5,063	-	5,063	4,755
Donations	29,283	-	29,283	7,491
Interest and investment income	3,756	-	3,756	3,042
Rental income	162,408	-	162,408	183,927
Special events	19,455	-	19,455	16,452
Amortization of deferred capital contributions	-	13,635	13,635	22,918
Sundry	16,280	-	16,280	15,968
	313,745	13,635	327,380	343,153
	\$ 1,864,714	\$ 13,635	\$ 1,878,349	\$ 1,902,461

BURNSIDE GORGE COMMUNITY ASSOCIATION

BC Housing Outreach
Years ended August 31, 2013 and 2012

Schedule 2

	2013	2012
Revenue:		
BC Housing Outreach	\$ 135,651	\$ 135,651
BC Housing Rent Supplement	7,200	7,200
	<u>142,851</u>	<u>142,851</u>
Expenses:		
Salaries and benefits	78,918	81,546
Operating	43,908	44,868
Program expenses	9,229	8,634
Office expenses	926	885
	<u>132,981</u>	<u>135,933</u>
Excess of revenue over expenses	\$ 9,870	\$ 6,918

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statements of Financial Position

Schedule 3

August 31, 2012

	General Fund	Capital Fund	2012
Assets			
Current assets:			
Cash	\$ 261,827	\$ -	\$ 261,827
Investments(note 2)	321,523	-	321,523
Accounts receivable	28,717	-	28,717
Prepaid expenses	7,844	-	7,844
	619,911	-	619,911
Capital assets (note 3)	-	65,093	65,093
	\$ 619,911	\$ 65,093	\$ 685,004

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities	\$ 128,419	\$ -	\$ 128,419
Deferred contributions (note 5)	223,394	-	223,394
Deferred capital contributions (note 6)	-	41,363	41,363
Fund balances:			
Unrestricted	268,098	-	268,098
Invested in capital assets	-	23,730	23,730
	268,098	23,730	291,828
Commitments (note 8)	\$ 619,911	\$ 65,093	\$ 685,004

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Changes in Fund Balances

Schedule 4

Year ended August 31, 2012

	General Fund	Capital Fund	2012
Revenue:			
Grants and contracts	\$ 1,158,297	\$ -	\$ 1,158,297
Programs	401,011	-	401,011
Other	320,235	22,918	343,153
	1,879,543	22,918	1,902,461
Expenses:			
Salaries and benefits	1,447,642	-	1,447,642
Program supplies	166,730	-	166,730
Office and general	132,241	-	132,241
Rent, maintenance and security	65,011	-	65,011
Sundry	13,941	-	13,941
Instructor fees	9,492	-	9,492
Amortization	-	33,733	33,733
	1,835,057	33,733	1,868,790
Excess (deficiency) of revenue over expenses	44,486	(10,815)	33,671
Interfund transfer for purchase of capital assets	(7,967)	7,967	-
Fund balances, beginning of year	231,579	26,578	258,157
Fund balances, end of year	\$ 268,098	\$ 23,730	\$ 291,828