

Financial Statements of

**BURNSIDE GORGE  
COMMUNITY ASSOCIATION**

Year ended August 31, 2015



**KPMG LLP**  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7  
Canada

Telephone (250) 480-3500  
Fax (250) 480-3539  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **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 statement of financial position as at August 31, 2015, the statements of operations and changes in fund balances and cash flows for the year then ended, 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 audit. We conducted our audit 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of Burnside Gorge Community Association as at August 31, 2015, 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.

**Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles 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.



Chartered Professional Accountants

December 1, 2015  
Victoria, Canada

# BURNSIDE GORGE COMMUNITY ASSOCIATION

## Statement of Financial Position

August 31, 2015, with comparative information for 2014

	General Fund	Capital Fund	2015	2014
(Schedule 2)				
<b>Assets</b>				
Current assets:				
Cash	\$ 237,622	\$ -	\$ 237,622	\$ 222,039
Investments (note 2)	342,391	-	342,391	325,562
Accounts receivable	55,770	-	55,770	23,055
Prepaid expenses	7,584	-	7,584	9,767
	643,367	-	643,367	580,423
Capital assets (note 3)	-	48,905	48,905	58,128
	\$ 643,367	\$ 48,905	\$ 692,272	\$ 638,551

## Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 4)	\$ 149,315	\$ -	\$ 149,315	\$ 129,039
Deferred contributions (note 5)	236,607	-	236,607	222,346
Deferred capital contributions (note 6)	-	33,687	33,687	45,265
Fund balances:				
Unrestricted	37,445	-	37,445	9,038
Internally restricted (note 7)	220,000	-	220,000	220,000
Invested in capital assets	-	15,218	15,218	12,863
	257,445	15,218	272,663	241,901
Commitments (note 8)				
	\$ 643,367	\$ 48,905	\$ 692,272	\$ 638,551

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, 2015, with comparative information for 2014

	General Fund		Capital Fund	
			2015	2014
	(Schedule 3)			
Revenue (Schedule 1):				
Grants and contracts	\$ 1,244,371	\$ -	\$ 1,244,371	\$ 1,184,588
Programs	422,426	-	422,426	356,532
Other	316,301	11,578	327,879	338,240
	<u>1,983,098</u>	<u>11,578</u>	<u>1,994,676</u>	<u>1,879,360</u>
Expenses:				
Salaries and benefits	1,559,333	-	1,559,333	1,538,691
Program supplies	174,885	-	174,885	131,738
Office and general	126,841	-	126,841	122,935
Rent, maintenance and security	71,658	-	71,658	68,461
Sundry	3,556	-	3,556	14,081
Instructor fees	7,253	-	7,253	6,220
Amortization	-	20,388	20,388	21,260
	<u>1,943,526</u>	<u>20,388</u>	<u>1,963,914</u>	<u>1,903,386</u>
Excess (deficiency) of revenue over expenses	39,572	(8,810)	30,762	(24,026)
Interfund transfer for purchase of capital assets	(11,165)	11,165	-	-
Fund balances, beginning of year	229,038	12,863	241,901	265,927
<b>Fund balances, end of year</b>	<b>\$ 257,445</b>	<b>\$ 15,218</b>	<b>\$ 272,663</b>	<b>\$ 241,901</b>

See accompanying notes to financial statements.

# BURNSIDE GORGE COMMUNITY ASSOCIATION

## Statement of Cash Flows

Year ended August 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Cash flows from operating activities:		
Cash received from grants, programs, contracts and other	\$ 1,957,937	\$ 1,926,682
Interest income	4,881	3,331
	1,962,818	1,930,013
Cash paid for:		
Salaries and benefits	(1,548,818)	(1,541,826)
Program supplies	(162,943)	(131,236)
Other services	(209,308)	(211,697)
	(1,921,069)	(1,884,759)
	41,749	45,254
Cash flows from investing activities:		
Purchase of capital assets	(11,162)	(4,097)
Purchase of investments	(15,004)	-
	(26,166)	(4,097)
Increase in cash	15,583	41,157
Cash, beginning of year	222,039	180,882
Cash, end of year	\$ 237,622	\$ 222,039

See accompanying notes to financial statements.

# BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2015

---

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.

## 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.

### (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, 2015

---

## 1. Significant accounting policies (continued):

### (b) Revenue recognition (continued):

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

### (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.



# BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

---

## 1. Significant accounting policies (continued):

### (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)

Year ended August 31, 2015

---

## 2. Investments:

Investments consist of three term deposits. The first deposit of \$102,695 matures on October 20, 2016 and bears interest annually at 1.30%. The second deposit of \$220,000 matures March 12, 2016 and bears interest of 1.55% in the first year, 1.75% in the second year, and 3.15% in the third year. The third deposit of \$15,000 matures on June 10, 2016 and bears interest annually at 1.05%.

## 3. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Vehicle	\$ 89,130	\$ 68,917	\$ 20,213	\$ 26,950
Computer equipment	125,989	120,497	5,492	5,080
Furniture and equipment	284,328	267,256	17,072	20,956
Leasehold improvements	69,021	62,893	6,128	5,142
	<u>\$ 568,468</u>	<u>\$ 519,563</u>	<u>\$ 48,905</u>	<u>\$ 58,128</u>

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$23,108 (2014 - \$22,110) 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, 2015

## 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:

	2015	2014
Balance opening	\$ 222,346	\$ 218,884
Received related to future years:		
Government grants	161,177	184,851
Grants - foundations/organizations	75,430	52,404
Amounts recognized as revenue in the year:		
Government grants	(169,942)	(155,478)
Grants - foundations/organizations	(52,404)	(78,315)
Balance closing	\$ 236,607	\$ 222,346

### (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:

	2015	2014
Opening deferred gaming grants	\$ 67,000	\$ 80,000
Amounts received during the year	80,000	80,000
Amounts recognized as revenue	(81,700)	(93,000)
Ending deferred gaming grants	\$ 65,300	\$ 67,000

# BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

---

## 6. Deferred capital contributions:

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

The changes for the year are as follows:

	2015	2014
Balance opening	\$ 45,265	\$ 57,637
Amounts recognized as revenue	(11,578)	(12,372)
Balance closing	\$ 33,687	\$ 45,265

There were no unexpended contributions in 2015 (2014 - \$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 \$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 photocopier equipment is as follows:

2016	\$	3,320
2017		3,320
2018		3,320
2019		830
	\$	10,790

# BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2015

---

## **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

Year ended August 31, 2015, with comparative information for 2014

	General Fund	Capital Fund	2015	2014
<b>Grants and contracts:</b>				
Ministry of Children and Family Development	\$ 355,459	\$ -	\$ 355,459	\$ 346,270
School District #61	348,617	-	348,617	339,960
BC Housing	238,405	-	238,405	202,851
Vancity	20,000	-	20,000	38,000
City of Victoria	77,870	-	77,870	69,125
Public Health Agency of Canada - Community Action Program	20,307	-	20,307	20,607
Other	112,533	-	112,533	106,155
Victoria Foundation	16,667	-	16,667	8,540
United Way - Youth Centre	45,000	-	45,000	45,000
Human Resources Development Canada	9,513	-	9,513	8,080
	1,244,371	-	1,244,371	1,184,588
<b>Programs:</b>				
Childcare	382,705	-	382,705	326,228
Community recreation and education	39,721	-	39,721	30,304
	422,426	-	422,426	356,532
<b>Other:</b>				
Casino and bingo	81,700	-	81,700	93,000
Community chest	1,515	-	1,515	7,312
Donations	17,437	-	17,437	19,744
Interest and investment income	6,707	-	6,707	4,545
Rental income	182,296	-	182,296	171,193
Special events	15,658	-	15,658	16,440
Amortization of deferred capital contributions	-	11,578	11,578	12,372
Sundry	10,988	-	10,988	13,634
	316,301	11,578	327,879	338,240
	\$ 1,983,098	\$ 11,578	\$ 1,994,676	\$ 1,879,360

# BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

Schedule 2

August 31, 2014

	General Fund	Capital Fund	2014
<b>Assets</b>			
Current assets:			
Cash	\$ 222,039	\$ -	\$ 222,039
Investments (note 2)	325,562	-	325,562
Accounts receivable	23,055	-	23,055
Prepaid expenses	9,767	-	9,767
	580,423	-	580,423
Capital assets (note 3)	-	58,128	58,128
	\$ 580,423	\$ 58,128	\$ 638,551

## Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities	\$ 129,039	\$ -	\$ 129,039
Deferred contributions (note 5)	222,346	-	222,346
Deferred capital contributions (note 6)	-	45,265	45,265
Fund balances:			
Unrestricted	9,038	-	9,038
Internally restricted	220,000	-	220,000
Invested in capital assets	-	12,863	12,863
	229,038	12,863	241,901
Commitments (note 8)			
	\$ 580,423	\$ 58,128	\$ 638,551

# BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Changes in Fund Balances

Schedule 3

Year ended August 31, 2014

	General Fund	Capital Fund	2014
<b>Revenue:</b>			
Grants and contracts	\$ 1,184,588	\$ -	\$ 1,184,588
Programs	356,532	-	356,532
Other	325,868	12,372	338,240
	<u>1,866,988</u>	<u>12,372</u>	<u>1,879,360</u>
<b>Expenses:</b>			
Salaries and benefits	1,538,691	-	1,538,691
Program supplies	131,738	-	131,738
Office and general	122,935	-	122,935
Rent, maintenance and security	68,461	-	68,461
Sundry	14,081	-	14,081
Instructor fees	6,220	-	6,220
Amortization	-	21,260	21,260
	<u>1,882,126</u>	<u>21,260</u>	<u>1,903,386</u>
Excess (deficiency) of revenue over expenses	(15,138)	(8,888)	(24,026)
Interfund transfer for purchase of capital assets	(4,097)	4,097	-
Fund balances, beginning of year	248,273	17,654	265,927
<b>Fund balances, end of year</b>	<b>\$ 229,038</b>	<b>\$ 12,863</b>	<b>\$ 241,901</b>