

Financial Statements of

**BURNSIDE GORGE
COMMUNITY ASSOCIATION**

Year ended August 31, 2017



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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 statement of financial position as at August 31, 2017, 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, 2017, 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 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.

KPMG LLP

Chartered Professional Accountants

December 11, 2017
Victoria, Canada

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

August 31, 2017, with comparative information for 2016

	General Fund	Capital Fund	2017	2016
(Schedule 2)				
Assets				
Current assets:				
Cash and cash equivalents	\$ 481,408	\$ -	\$ 481,408	\$ 348,658
Short-term investments (note 2)	337,489	-	337,489	342,220
Accounts receivable	75,009	-	75,009	53,635
Prepaid expenses	5,493	-	5,493	6,240
	899,399	-	899,399	750,753
Capital assets (note 3)	-	23,623	23,623	40,515
	\$ 899,399	\$ 23,623	\$ 923,022	\$ 791,268

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 4)	\$ 147,041	\$ -	\$ 147,041	\$ 146,574
Deferred contributions (note 5)	425,917	-	425,917	322,115
Deferred capital contributions (note 6)	-	12,963	12,963	20,673
Fund balances:				
Unrestricted	106,441	-	106,441	62,064
Internally restricted (note 7)	220,000	-	220,000	220,000
Invested in capital assets	-	10,660	10,660	19,842
	326,441	10,660	337,101	301,906
Commitments (note 8)				
	\$ 899,399	\$ 23,623	\$ 923,022	\$ 791,268

See accompanying notes to financial statements.

On behalf of the Board:




Director Director

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Fund Balances

Year ended August 31, 2017, with comparative information for 2016

	General Fund		Capital Fund		2017	2016		
					(Schedule 3)			
Revenue (Schedule 1):								
Grants and contracts	\$	1,355,459	\$	-	\$	1,355,459	\$	1,319,612
Programs		454,159		-		454,159		383,578
Other		165,190		12,618		177,808		338,024
		1,974,808		12,618		1,987,426		2,041,214
Expenses:								
Salaries and benefits		1,540,922		-		1,540,922		1,579,435
Program supplies		241,076		-		241,076		199,369
Office and general		77,722		-		77,722		121,619
Bursaries		2,500		-		2,500		-
Rent, maintenance and security		54,852		-		54,852		77,611
Loss on disposal of capital assets		-		856		856		1,132
Sundry		5,173		-		5,173		3,974
Instructor fees		8,486		-		8,486		9,025
Amortization		-		20,644		20,644		19,810
		1,930,731		21,500		1,952,231		2,011,975
Excess (deficiency) of revenue over expenses		44,077		(8,882)		35,195		29,239
Interfund transfer for purchase of capital assets		300		(300)		-		-
Fund balances, beginning of year		282,064		19,842		301,906		272,667
Fund balances, end of year	\$	326,441	\$	10,660	\$	337,101	\$	301,906

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Cash flows from operating activities:		
Cash received from grants, programs, contracts and other	\$ 2,055,541	\$ 2,110,702
Interest income	8,364	5,473
	2,063,905	2,116,175
Cash paid for:		
Salaries and benefits	(1,539,432)	(1,585,884)
Program supplies	(241,349)	(194,065)
Other services	(148,733)	(213,611)
	(1,929,514)	(1,993,560)
	134,391	122,615
Cash flows from investing activities:		
Purchase of capital assets	(5,602)	(12,551)
Purchase of short-term investments, net	(2,499)	(160)
Loss on disposal of capital assets	856	1,132
Contributions received for the purchase of capital assets	5,602	-
	(1,643)	(11,579)
Increase in cash and cash equivalents	132,748	111,036
Cash and cash equivalents, beginning of year	348,658	237,622
Cash and cash equivalents, end of year	\$ 481,406	\$ 348,658

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2017

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, 2017

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

(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, 2017

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 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, 2017

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, 2017 and bears interest annually at 1.00%. 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, 2018 and bears interest annually at 0.90%.

3. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Vehicle	\$ 89,130	\$ 82,392	\$ 6,738	\$ 13,475
Computer equipment	94,350	87,224	7,126	13,396
Furniture and equipment	287,106	279,333	7,773	9,501
Leasehold improvements	62,939	60,953	1,986	4,143
	<u>\$ 533,525</u>	<u>\$ 509,902</u>	<u>\$ 23,623</u>	<u>\$ 40,515</u>

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$26,458 (2016 - \$26,267) 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, 2017

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:

	2017	2016
Balance opening	\$ 322,115	\$ 236,607
Received related to future years:		
Government grants	193,401	185,741
Grants - foundations/organizations	232,515	136,373
Amounts recognized as revenue in the year:		
Government grants	(185,741)	(161,176)
Grants - foundations/organizations	(136,373)	(75,430)
Balance closing	\$ 425,917	\$ 322,115

(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:

	2017	2016
Opening deferred gaming grants	\$ 65,300	\$ 65,300
Amounts received during the year	79,300	81,780
Amounts recognized as revenue	(79,300)	(81,780)
Ending deferred gaming grants	\$ 65,300	\$ 65,300

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2017

6. Deferred capital contributions:

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

The changes for the year are as follows:

	2017	2016
Balance opening	\$ 20,673	\$ 33,687
Amounts recognized as revenue	(12,618)	(13,014)
Contributions used to fund the purchase of capital assets	5,602	-
Unamortized portion of capital contributions relating to donated assets disposed	(694)	-
Balance closing	\$ 12,963	\$ 20,673

There were no unexpended contributions in 2017 (2016 - 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 \$31,400 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:

2018	\$	2,984
2019		2,984
2020		2,984
2021		2,984
2022		2,238
	\$	14,174

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2017

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 2016.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Schedule of Revenue

Schedule 1

Year ended August 31, 2017, with comparative information for 2016

	General Fund	Capital Fund	2017	2016
Grants and contracts:				
Ministry of Children and Family Development	\$ 343,267	\$ -	\$ 343,267	\$ 354,252
School District #61	366,927	-	366,927	374,147
BC Housing	308,134	-	308,134	267,008
Vancity	15,000	-	15,000	26,667
City of Victoria	96,036	-	96,036	100,488
Public Health Agency of Canada - Community Action Program	19,935	-	19,935	19,853
Other	70,457	-	70,457	62,574
Victoria Foundation	26,667	-	26,667	8,333
United Way - Youth Centre	98,485	-	98,485	95,020
Human Resources Development Canada	10,551	-	10,551	11,270
	<u>1,355,459</u>	<u>-</u>	<u>1,355,459</u>	<u>1,319,612</u>
Programs:				
Childcare	402,793	-	402,793	336,661
Community recreation and education	51,366	-	51,366	46,917
	<u>454,159</u>	<u>-</u>	<u>454,159</u>	<u>383,578</u>
Other:				
Casino and bingo	65,300	-	65,300	81,780
Community chest	3,003	-	3,003	7,868
Donations	19,063	-	19,063	11,075
Interest and investment income	6,132	-	6,132	5,142
Rental income	32,331	-	32,331	193,235
Special events	12,583	-	12,583	11,127
Amortization of deferred capital contributions	-	12,618	12,618	13,014
Sundry	26,778	-	26,778	14,783
	<u>165,190</u>	<u>12,618</u>	<u>177,808</u>	<u>338,024</u>
	<u>\$ 1,974,808</u>	<u>\$ 12,618</u>	<u>\$ 1,987,426</u>	<u>\$ 2,041,214</u>

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

Schedule 2

August 31, 2016

	General Fund	Capital Fund	2016
Assets			
Current assets:			
Cash and cash equivalents	\$ 348,658	\$ -	\$ 348,658
Short-term investments (note 2)	342,220	-	342,220
Accounts receivable	53,635	-	53,635
Prepaid expenses	6,240	-	6,240
	<u>750,753</u>	<u>-</u>	<u>750,753</u>
Capital assets (note 3)	-	40,515	40,515
	<u>\$ 750,753</u>	<u>\$ 40,515</u>	<u>\$ 791,268</u>

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities	\$ 146,574	\$ -	\$ 146,574
Deferred contributions (note 5)	322,115	-	322,115
Deferred capital contributions (note 6)	-	20,673	20,673
Fund balances:			
Unrestricted	62,064	-	62,064
Internally restricted	220,000	-	220,000
Invested in capital assets	-	19,842	19,842
	<u>282,064</u>	<u>19,842</u>	<u>301,906</u>
Commitments (note 8)			
	<u>\$ 750,753</u>	<u>\$ 40,515</u>	<u>\$ 791,268</u>

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Fund Balances

Schedule 3

Year ended August 31, 2016

	General Fund	Capital Fund	2016
Revenue:			
Grants and contracts	\$ 1,319,612	\$ -	\$ 1,319,612
Programs	383,578	-	383,578
Other	325,009	13,015	338,024
	2,028,199	13,015	2,041,214
Expenses:			
Salaries and benefits	1,579,435	-	1,579,435
Program supplies	199,369	-	199,369
Office and general	121,619	-	121,619
Rent, maintenance and security	77,611	-	77,611
Loss on disposal of capital assets	-	1,132	1,132
Sundry	3,974	-	3,974
Instructor fees	9,025	-	9,025
Amortization	-	19,810	19,810
	1,991,033	20,942	2,011,975
Excess (deficiency) of revenue over expenses	37,166	(7,927)	29,239
Interfund transfer for purchase of capital assets	(12,551)	12,551	-
Fund balances, beginning of year	257,449	15,218	272,667
Fund balances, end of year	\$ 282,064	\$ 19,842	\$ 301,906