

**FINANCIAL STATEMENTS**

**WEST END COMMUNITY  
CENTRE ASSOCIATION**

**August 31, 2019**



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August 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**West End Community Centre Association**

### *Opinion*

We have audited the financial statements of West End Community Centre Association (the Association), which comprise the statement of financial position as at August 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2019, and the results of its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 audit 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's 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 auditor's 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 these 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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## INDEPENDENT AUDITOR'S REPORT

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- 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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.

We 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 British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

*Tompkins Wozny LLP*

Vancouver, Canada  
December 3, 2019

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	279,918	242,541
Short-term investments [note 4(i)]	303,798	103,798
Accounts receivable [note 5]	88,759	55,042
Inventory	3,470	2,942
Prepaid expenses	17,393	22,899
<b>Total current assets</b>	<b>693,338</b>	<b>427,222</b>
Long-term investments [note 4(ii)]	—	200,000
Capital assets [note 6]	123,682	132,240
	<b>817,020</b>	<b>759,462</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accruals [note 7]	120,697	143,362
Deferred revenue [note 8]	233,236	210,109
<b>Total current liabilities</b>	<b>353,933</b>	<b>353,471</b>
<b>Net assets</b>		
Internally restricted [note 9]	339,405	273,751
Invested in capital assets [note 9]	123,682	132,240
<b>Total net assets</b>	<b>463,087</b>	<b>405,991</b>
	<b>817,020</b>	<b>759,462</b>

Commitment [note 13]

See accompanying notes to the financial statements

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended August 31

	Operating \$	Internally Restricted \$	Invested in Capital Assets \$	Total \$
<b>2019</b>		<i>[Note 9]</i>	<i>[Note 9]</i>	
<b>Balance, beginning of year</b>	—	273,751	132,240	405,991
Revenue over (under) expenses for the year	102,289	—	(45,193)	57,096
Acquisition of capital assets	—	(36,635)	36,635	—
Interfund transfers	(102,289)	102,289	—	—
<b>Balance, end of year</b>	—	339,405	123,682	463,087
<b>2018</b>				
<b>Balance, beginning of year</b>	—	821,813	188,361	1,010,174
Revenue over (under) expenses for the year	(498,661)	—	(105,522)	(604,183)
Acquisition of capital assets	—	(49,401)	49,401	—
Interfund transfers	498,661	(498,661)	—	—
<b>Balance, end of year</b>	—	273,751	132,240	405,991

*See accompanying notes to the financial statements*

**STATEMENT OF OPERATIONS**

Year ended August 31

	2019	2018
	\$	\$
<b>REVENUE</b>		
Adult programs	199,441	190,397
Arena and adult sports programs	130,599	122,020
Art programs	61,848	77,765
Child and youth programs	947,884	931,231
Fitness programs	163,540	144,051
Marketing and memberships	7,669	5,757
Pottery programs	94,104	76,583
Projects and property	59,462	68,955
Seniors and volunteers	57,583	57,341
Interest and other	23,286	20,313
	<b>1,745,416</b>	<b>1,694,413</b>
<b>EXPENSES</b>		
Active Network subscription fee <i>[note 13]</i>	19,094	12,356
Administrative	51,754	54,893
Advertising and publicity	61,544	53,173
Contract services	569,540	546,249
Operating <i>[note 12]</i>	316,232	360,385
Operation fee <i>[note 13]</i>	9,770	—
Wages and benefits	603,853	592,933
	<b>1,631,787</b>	<b>1,619,989</b>
<b>Revenue over expenses before other items</b>	<b>113,629</b>	<b>74,424</b>
<b>OTHER ITEMS</b>		
Amortization of capital assets	(45,193)	(47,159)
Write off of capital asset fixtures <i>[note 6]</i>	—	(58,363)
Donations and awards <i>[note 14]</i>	(11,340)	(573,085)
	<b>(56,533)</b>	<b>(678,607)</b>
<b>Revenue over (under) expenses for the year</b>	<b>57,096</b>	<b>(604,183)</b>

Joint operating agreement *[note 13]*

See accompanying notes to the financial statements

**STATEMENT OF CASH FLOWS**

Year ended August 31

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Revenue over (under) expenses for the year	<b>57,096</b>	(604,183)
Items not affecting cash		
Amortization of capital assets	<b>45,193</b>	47,159
Write off of fixtures	—	58,363
Changes in non-cash working capital items		
Accounts receivable	<b>(33,717)</b>	174,644
Inventory	<b>(528)</b>	(921)
Prepaid expenses	<b>5,506</b>	(2,336)
Accounts payable and accruals	<b>(22,665)</b>	22,229
Deferred revenue	<b>23,127</b>	(17,695)
<b>Cash provided by (used in) operating activities</b>	<b>74,012</b>	(322,740)
<b>INVESTING ACTIVITIES</b>		
Sale (purchase) of investments (net)	—	553,629
Acquisition of capital assets	<b>(36,635)</b>	(49,401)
<b>Cash provided by (used in) investing activities</b>	<b>(36,635)</b>	504,228
<b>Increase in cash for the year</b>	<b>37,377</b>	181,488
Cash, beginning of year	<b>242,541</b>	61,053
<b>Cash, end of year</b>	<b>279,918</b>	242,541

*See accompanying notes to the financial statements*



## NOTES TO FINANCIAL STATEMENTS

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August 31, 2019

### 1. PURPOSE OF THE ASSOCIATION

The West End Community Centre Association (the "Association") was incorporated in 1970 pursuant to the British Columbia Societies Act and became a registered charitable organization in 1985 for income tax purposes who is exempt from income taxes. The objective and mission of the Association is to enhance the quality of life of the West End and Coal Harbour communities by providing recreational, educational, and social activities and services that are accessible and responsive to the changing needs of the community.

### 2. GOVERNANCE

The Association carries out the above objectives through the operations of the West End Community Centre, Coal Harbour Community Centre and Barclay Manor pursuant to a Joint Operating Agreement ("JOA") with the City of Vancouver Board of Parks and Recreation ("Park Board").

In December 2017, the Association signed a new JOA effective January 1, 2018 [note 13]. In addition, the Association signed a Delegation of Duties agreement with the Park Board.

Use of the West End Community Centre, Coal Harbour Community Centre and Barclay Manor premises as well as the providing of certain operating expenses, such as various staff costs, are provided to the Association pursuant to a JOA with the Park Board. The value of the use of the facilities as well as these additional operating expenses have not been reflected in the financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

#### Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of allowance for doubtful accounts relating to accounts receivable and the determination of the estimated useful lives of capital assets. Actual results could differ from these estimates.

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Proceeds received from direct access gaming funding are recorded as revenue or deferred contributions related to capital assets, if applicable, in the year the related expenditures are incurred.

Deferred contributions related to capital assets are amortized into income at the same rate as the related capital asset is amortized into expense.

School age care and licensed pre-school program fee revenue is recognized in the month to which the services relate based on enrollment rates.

General program revenue is recognized over the period the related program operates.

Rental revenue is recognized on the date the space is rented or over the period the space is rented out, if applicable.

Interest income is recognized as revenue in accordance with the terms of the underlying investment, which is generally with the passage of time.

Unrestricted donations are recognized as income as they are received. Restricted donations are recognized when the related expense is incurred.

Revenue from all other sources is recognized when the respective program or service is provided.

#### Short-Term and Long-Term Investments

Short-term investments are recorded at cost and consist of a cash held by broker and guaranteed investment certificates with maturity dates of less than one year after the Association's year end.

Long-term investments consist of guaranteed investment certificates with maturity dates more than one year after the Association's year end.

#### Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment.

Financial liabilities measured at amortized cost include accounts payable and accruals.

#### Inventory

Inventory is recorded at the lower of average cost or net realizable value.

#### Capital Assets

Capital assets are recorded at cost, and are amortized at the following rates:

• Furniture	7 years	straight-line
• Fixtures	8 years	straight-line
• Computer equipment	30%	diminishing balance basis
• Fitness equipment	5 years	straight-line
• Fitness supplies	3 years	straight-line
• Pottery equipment	8 years	straight-line
• Audio-Visual equipment	3 years	straight-line
• Website	5 years	straight-line

#### Donated Materials and Services

The Association benefits from donated materials and from donated services in the form of volunteer time. The fair value of donated materials and services cannot be reasonably estimated and therefore is not recognized in these financial statements.

### 4. INVESTMENTS

#### (i) Short-Term Investments

Short-term investments consist of guaranteed investment certificates totalling \$200,000 [2018 - \$Nil] which accrue interest at rates of 1.55% and 1.70% [2018 - Nil] per annum and mature on March 20, 2020. Short-term investments also include cash with a value of \$103,798 [2018 - \$103,798] with variable interest rates.

#### (ii) Long-Term Investments

Long-term investments consist of guaranteed investment certificates totalling \$Nil [2018 - \$200,000] which accrue interest at rates of Nil [2018 - 1.55% and 1.70%] per annum.

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

5. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Grants and other	47,250	14,342
Park Board	33,177	35,694
Interest	8,332	5,006
Allowance for doubtful accounts	—	—
	<b>88,759</b>	<b>55,042</b>

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
<b>2019</b>			
Furniture and fixtures	136,767	69,054	67,713
Computer equipment	77,588	77,588	—
Fitness equipment	54,997	33,804	21,193
Fitness supplies	16,576	9,177	7,399
Pottery equipment	25,733	11,321	14,412
Audio-Visual equipment	29,659	19,594	10,065
Website	4,588	1,688	2,900
	<b>345,908</b>	<b>222,226</b>	<b>123,682</b>
<b>2018</b>			
Furniture and fixtures	135,181	67,596	67,585
Computer equipment	77,588	77,588	—
Fitness equipment	57,759	29,011	28,748
Fitness supplies	16,013	3,946	12,067
Pottery equipment	27,824	14,297	13,527
Audio-Visual equipment	21,538	11,535	10,003
Website	1,688	1,378	310
	<b>337,591</b>	<b>205,351</b>	<b>132,240</b>

In 2018, a review of the assets previously capitalized as fixtures was determined to no longer meet the definition of an asset given the terms of the new JOA. As a result, these fixtures were deemed disposed of and their value written off in the amount of \$58,363.

**NOTES TO FINANCIAL STATEMENTS**

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August 31, 2019

**7. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operations	<b>83,892</b>	102,538
Park Board	<b>19,770</b>	17,597
Government remittance - GST	<b>6,000</b>	3,829
- PST	<b>2,371</b>	2,404
- payroll	<b>7,609</b>	15,614
- Worksafe BC	<b>1,055</b>	1,380
	<b>120,697</b>	143,362

**8. DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Programs - pre-registration	<b>161,936</b>	181,048
Gaming grant	<b>44,725</b>	770
License preschool fees	<b>9,693</b>	10,924
School aged care fees	<b>9,177</b>	8,896
Rentals	<b>7,705</b>	8,471
	<b>233,236</b>	210,109

**9. INTERNALLY RESTRICTED NET ASSETS**

The Associations' main objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial commitments and unforeseen external events. To assist with this objective, the Association has made the following internal restrictions:

**Internally Restricted**

The Association has internally restricted \$216,000 [2018 - \$216,000] as a three month operating reserve, \$30,000 [2018 - \$30,000] for a needs analysis and \$93,405 [2018 - \$27,751] for other expenditures.

**Invested in Capital Assets**

The Association has internally restricted an amount equal to the net assets invested in capital and intangible assets.

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2019

### 10. INTERFUND TRANSFERS

As described in the statement of changes in net assets, interfund transfers are made between internally restricted net assets and unrestricted net assets to fund capital assets purchased, amortization of capital assets and other future expenditures.

### 11. FINANCIAL INSTRUMENT RISK

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at August 31, 2019.

#### **Credit Risk**

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. The Association is exposed to credit risk with respect to its cash, investments and accounts receivable. The Association limits its exposure to credit risk by placing its cash and investments with a chartered Canadian financial institution and a professional investment firm.

Given the nature of the Association's revenue, there is no concentration of accounts receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balance in the financial statements.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Association is exposed to interest rate risk on its cash and investments.

#### **Liquidity Risk**

Liquidity risk is the risk that the Association will not be able to meet its cash requirements or fund obligations as they become due. The Association maintains adequate levels of working capital by preparing budgets to ensure all its obligations can be met when they fall due.

### 12. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Association is required to disclose remuneration paid to employees and contractors who are paid \$75,000 or more during the fiscal year. Operating expense includes \$71,279 [2018 - \$87,621] paid to one contractor (Vancouver Park Board) during the year. The contractor charges include Group I wages that cover the cost of several employees. No employee exceeded the \$75,000 threshold.

## NOTES TO FINANCIAL STATEMENTS

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August 31, 2019

### 13. COMMITMENT

#### Joint Operating Agreement ("JOA")

In December 2017, the Association signed a new JOA with the Park Board effective January 1, 2018 for ten (10) years with one five (5) year renewal term. Under the agreement, the Association will pay an operation fee to the Park Board starting in year 2 for 1% of prior year's gross facility-generated revenue and in years 3-10 for 2% per year of the previous year's gross facility-generated revenue. Effective January 1, 2019, the Association will pay a 1% subscription fee for the use of the ActiveNet registration system.

### 14. DONATIONS AND AWARDS

During the year, the Association made the following donations and awards:

	2019	2018
	\$	\$
Donations		
Qualified donee	—	562,085
King George Secondary School	<b>6,840</b>	7,000
	<b>6,840</b>	569,085
Scholarship Awards	<b>4,500</b>	4,000
	<b>11,340</b>	573,085

### 15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.