

# **KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

*A Not-For-Profit Organization*

## **FINANCIAL STATEMENTS**

March 31, 2019

**GBCO**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Kiwassa Neighbourhood Services Association:

### *Opinion*

Except as noted in the above paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the management as at March 31, 2019 and the results of its operations 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 management 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 management'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 management or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the management'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 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 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 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 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 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

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.

*Galloway Battersell & Company*

Chartered Professional Accountants  
Vancouver, BC  
Canada  
September 4, 2019

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## STATEMENT OF OPERATIONS

For the year ended March 31, 2019

	2019	%	2018	%
<b>Revenue</b>				
Province of BC	\$ 1,839,838	38.7	1,315,868	31.0
User fees	912,942	19.2	1,124,641	26.6
Government of Canada	544,829	11.5	544,735	12.9
City of Vancouver	261,336	5.5	265,291	6.3
Hastings Entertainment	219,728	4.6	217,667	5.1
United Way	196,518	4.1	186,232	4.4
Vancouver Coastal Health	126,719	2.7	123,361	2.9
Gaming revenue	109,718	2.3	91,602	2.2
Fundraising and grants	216,417	4.6	81,304	1.9
Donations	38,978	0.8	39,935	0.9
Recognition of prior year deferred revenue	54,643	1.1	35,736	0.8
BC Housing	25,994	0.5	24,725	0.6
Vancouver Foundation	3,000	0.1	24,300	0.6
Rental income	21,681	0.5	20,185	0.5
Administration fees (Note 14)	24,000	0.5	17,469	(0.4)
Investment income	18,944	0.4	7,758	0.2
Kiwassa Endowment Fund	3,161	-	3,007	-
	<u>4,618,446</u>	<u>97.1</u>	<u>4,123,816</u>	<u>97.3</u>
Less: contributions received for capital purchases	-	-	(34,121)	-
Add: amortization of deferred contributions related to property and equipment	137,954	2.9	137,116	3.4
	<u>4,756,400</u>	<u>100.0</u>	<u>4,226,811</u>	<u>100.7</u>
<b>Expenses</b>				
Salaries and benefits (Note 10)	3,509,319	73.8	3,258,687	77.1
Program supplies and expenses	259,005	5.4	263,573	6.2
Building and equipment	90,597	1.9	101,786	2.4
Janitorial	76,448	1.6	78,772	1.9
Office supplies and printing	34,580	0.7	46,701	1.1
Utilities and rent	49,431	1.0	43,504	1.0
Transportation	10,481	0.2	39,604	0.9
Insurance	33,869	0.7	32,040	0.8
Telephone	27,430	0.6	23,580	0.6
Professional development	30,154	0.6	17,209	0.4
Advertising and program development	9,251	0.2	15,956	0.4
Professional fees	16,950	0.4	13,380	0.3
Bank charges	12,242	0.3	12,463	0.3
Volunteer expenses	17,906	0.4	12,198	0.3
Van support	11,431	0.2	10,996	0.3
Organizational dues	1,410	-	1,197	-
Fundraising and raffle	3,141	0.1	-	-
	<u>4,193,645</u>	<u>88.1</u>	<u>3,971,646</u>	<u>94.0</u>
Amortization of property and equipment	156,493	3.3	156,890	3.7
	<u>4,350,138</u>	<u>91.4</u>	<u>4,128,536</u>	<u>97.7</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 406,262</b>	<b>8.6</b>	<b>98,275</b>	<b>3.0</b>

See accompanying notes and schedules

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2019

	Invested in Capital Assets	Internally Restricted	Unrestricted	2019	2018
Balance, beginning of year	\$ 157,474	368,879	22,249	<b>548,602</b>	450,327
Excess (deficiency) of revenue over expenses	(19,077)	4,619	420,720	<b>406,262</b>	98,275
Internally imposed restrictions (Note 9)	-	158,096	(158,096)	-	-
Net transfers to replacement reserve	-	262,087	(262,087)	-	-
<b>Balance, end of year</b>	<b>\$ 138,397</b>	<b>793,681</b>	<b>22,784</b>	<b>954,864</b>	<b>548,602</b>

See accompanying notes and schedules

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

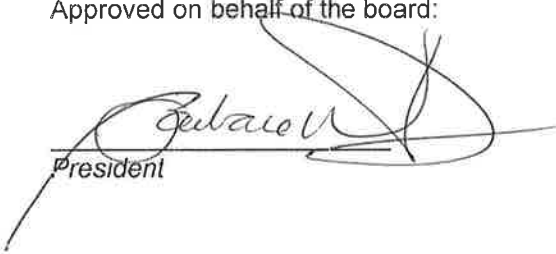
## STATEMENT OF FINANCIAL POSITION


As at March 31, 2019

	2019	2018
<b>ASSETS</b>		
Current		
Cash	\$ 1,415,478	433,601
Accounts receivable (Note 4)	257,411	429,217
Prepaid expenses	13,415	18,530
	<u>1,686,304</u>	<u>881,348</u>
Tangible capital assets (Note 5)	2,273,362	2,369,062
	<u>\$ 3,959,666</u>	<u>3,250,410</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 257,960	239,146
<b>DEFERRED CONTRIBUTIONS</b>		
Operating (Note 7)	606,342	245,000
Related to capital assets (Note 8)	2,140,502	2,217,662
	<u>2,746,844</u>	<u>2,462,662</u>
<b>NET ASSETS</b>		
Invested in tangible capital assets	138,397	157,474
Internally restricted (Note 9)	793,681	368,879
Unrestricted	22,784	22,247
	<u>954,862</u>	<u>548,602</u>
	<u>\$ 3,959,666</u>	<u>3,250,410</u>

See accompanying notes and schedules

Approved on behalf of the board:

  
President

  
Treasurer

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

	2019	2018
<b>CASH PROVIDED BY:</b>		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 406,262	98,275
Non-cash items:		
Amortization - net	18,538	19,774
Gain on disposal of capital assets	-	(1,756)
	<u>424,800</u>	<u>116,293</u>
Changes in non-cash working capital:		
Accounts receivable	171,806	(65,893)
Prepaid expenses	5,115	(6,353)
Accounts payable and accrued liabilities	18,814	(88,261)
Deferred operating contributions	<u>361,342</u>	<u>118,892</u>
	<u>981,877</u>	<u>74,678</u>
Financing activities		
Deferred contributions related to property and equipment	<u>60,794</u>	<u>34,121</u>
	<u>60,794</u>	<u>34,121</u>
Investing activities		
Acquisition of tangible capital assets	(60,794)	(44,622)
Disposition of equipment	-	1,756
	<u>(60,794)</u>	<u>(42,866)</u>
Change in cash	981,877	65,933
Cash, beginning of year	<u>433,601</u>	<u>367,668</u>
Cash, end of year	<u>\$ 1,415,478</u>	<u>433,601</u>

See accompanying notes and schedules



# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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### Note 1 Purpose of the organization

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Kiwassa Neighbourhood Services Association is incorporated under the Societies Act of British Columbia as a not-for-profit organization and is a registered charity under the *Income Tax Act*.

The Association operates Kiwassa Neighbourhood House in East Vancouver, BC. Its philosophy is based on the belief that its community members should expect and receive community-based program services. Kiwassa Neighbourhood House provides programs and services that educate and empower people so that they may participate productively in their community. Kiwassa Neighbourhood House fosters personal, social and community development.

The Association's mission is to strive to identify areas and issues of greatest need within its targeted community. Kiwassa Neighbourhood House initiates programs and services to meet these needs. It strives to bring its neighbours together, encouraging them to share their experiences and friendship with each other. Kiwassa Neighbourhood House works cooperatively with other agencies to identify, develop and support programs and services offered elsewhere in its community, as well as those offered by the Association.

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### Note 2 Accounting policies

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The financial statements of the Association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and incorporate the following significant accounting policies:

#### Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

#### Amortization of tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided for using the straight line method over the following periods:

	<u>Amortization Period (Years)</u>
Buildings	60
Automotive equipment	6
Computer equipment	4
Equipment, furniture and fixtures	10

The original cost of the building and subsequent additions and improvements are being amortized on a basis such that they will be fully amortized in 2051.

#### Use of estimates

The preparation of financial statements require 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 reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### Note 2 Accounting policies (cont.)

All financial assets are classified as held for trading; all financial liabilities are classified as other financial liabilities.

#### Contributed services

Volunteers contribute a significant number of hours annually assisting Kiwassa Neighbourhood Services Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

### Note 3 Bank indebtedness

The Association has a line of credit arranged with the Vancity Credit Union to cover periodic cash shortfalls to a maximum of \$150,000. The line of credit is secured by a promissory note signed by the directors of the Association. Interest is charged on the outstanding balance at the rate of bank prime plus 2.00%.

### Note 4 Accounts receivable

	<u>2019</u>	<u>2018</u>
Accounts receivable - programs	\$ 208,826	369,987
Goods and services taxes recoverable	6,087	9,961
Due from Kiwassa Housing Society	<u>42,498</u>	<u>49,269</u>
	<u>\$ 257,411</u>	<u>429,217</u>

### Note 5 Tangible capital assets

		<u>2019</u>	<u>2018</u>
	Cost	Accumulated amortization	Net book value
			Net book value
Building			
Kiwassa Neighbourhood House	\$ 2,717,161	1,093,590	1,623,571
Building - Harbourview Daycare	1,091,909	510,260	581,649
Care			
Equipment, furniture and fixtures	404,921	379,458	25,463
Equipment, furniture and fixtures			
Harbourview	84,072	62,446	21,626
Computer equipment	66,299	53,121	13,178
Automotive equipment	13,500	5,625	7,875
	<u>\$ 4,377,862</u>	<u>2,104,500</u>	<u>2,273,362</u>
			<u>2,369,062</u>

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

### Note 6 Accounts payable and accrued liabilities

	<u>2019</u>	<u>2018</u>
Accounts payable and payroll liabilities	\$ 233,872	215,899
Accrued liabilities	15,095	14,920
Due to government agencies	8,993	8,327
	<u>\$ 257,960</u>	<u>239,146</u>

### Note 7 Deferred operating contributions

Operating contributions received by the Association which are subject to external restrictions requiring them to be dedicated to subsequent year program expenditures have been deferred. Changes in deferred operating contributions are as follows:

	Balance beginning of year	Received/ deferred	Recognized/ Transferred	Balance end of year
Prepaid program funds	\$ 39,246	841,684	(464,655)	416,275
Community Connections	41,195	-	-	41,195
Children's & Preteen program	57,553	10,781	-	68,334
Youth Program	6,599	-	-	6,599
Harbourview PAC	7,754	-	-	7,754
Hastings North Literacy Plan	16,592	-	(5,379)	11,213
Nobody's Perfect program	1,811	-	(1,811)	-
CCOF/Prototype/Inclusion Extra	-	1,753	-	1,753
Chimo Terrace Youth	17,717	-	(503)	17,214
Community Partnerships	13,083	-	(7,465)	5,618
Hastings North Community Project	43,450	-	(39,484)	3,966
Hastings Park Childcare	-	28,921	-	28,921
	<u>\$ 245,000</u>	<u>883,139</u>	<u>(519,297)</u>	<u>608,842</u>

### Note 8 Deferred contributions related to capital assets

Deferred contributions related to capital assets represent contributions received by the Association dedicated to the acquisition of property and equipment. The contributions are amortized at rates equal to those of the underlying acquired assets.

	<u>2019</u>	<u>2018</u>
Opening balance	\$ 2,217,662	2,325,657
Contributions received	60,794	34,121
	<u>2,278,456</u>	<u>2,359,778</u>
Amounts amortized to revenue	(137,954)	(142,116)
	<u>\$ 2,140,502</u>	<u>2,217,662</u>

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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### Note 9 Internally restricted net assets

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The Association has restricted net assets to provide for future year program operations, community initiatives, building and equipment repairs and replacement. The internally restricted amounts are funded by appropriations of unrestricted net assets as authorized by the Board of Directors. Total internally restricted amounts are comprised of:

	<u>2019</u>	<u>2018</u>
Building and equipment repairs and replacement	\$ 370,505	96,051
Van operations	42,217	37,599
Program operations	<u>380,959</u>	<u>235,230</u>
Balance at end of year	<u>\$ 793,681</u>	<u>368,880</u>

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### Note 10 Remuneration to directors, employees and contractors

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The directors of the Association provide their services on a volunteer basis and receive no remuneration.

Employee(s) and contractor(s) of the Association received remuneration equal to or in excess of \$75,000 in the aggregate amount of \$137,379 during the year ended March 31, 2019 (2018 - \$228,267).

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### Note 11 Kiwassa Community Endowment Fund

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In its 2012 fiscal year the Association established an endowment fund with Vancouver Foundation known as the Kiwassa Community Endowment Fund. The capital of the fund is held permanently in trust by the Vancouver Foundation. The endowment is invested, with the income paid at least annually to Kiwassa Neighbourhood Services Association to fund community based programs as long as the Association is a registered charity.

As the Vancouver Foundation controls the endowment the principal is not included on the statement of financial position. As of March 31, 2019 the endowment had a fair market value of \$86,509 (2018 - \$84,404).

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### Note 12 Economic dependence

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The Association is economically dependent on government funding, which represents 63.5% (2018 - 57.8%) of total operating revenue.

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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Note 13      Financial instruments

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**Fair value**

The carrying amount of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these items.

The carrying amount of the long-term account receivable approximates its fair value because it is valued at the estimated net recoverable amount.

**Credit risk**

The Association's financial assets that are exposed to credit risk are cash, accounts receivable and long-term accounts receivable. Credit risk associated with cash is minimized by investing excess funds in guaranteed investment certificates and by holding cash resources in institutions rated R1 by the Dominion Bond Rating Service. Credit risk associated with short-term and long-term accounts receivable is minimized by limiting the granting of credit to related societies and by only performing program services in advance of funding once a firm commitment has been received from the funder.

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Note 14      Related party transactions

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Administration fees include \$24,000 that was received from Kiwassa Housing Society (2018 - \$17,469), a related society. The fees are charged in the ordinary course of operations.

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2019

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### Note 15      Controlled entity

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The Association controls the Kiwassa Housing Society through a common Board of Directors. The Kiwassa Housing Society operates social housing projects through contracts with the British Columbia Housing Management Commission. The Kiwassa Housing Society is incorporated under the Societies Act of British Columbia and is a non-profit organization under the Income Tax Act (Canada).

The accounts of the Kiwassa Housing Society have not been consolidated in these financial statements as it is believed that separate note disclosure provides a more meaningful presentation of activities.

A financial summary of the Kiwassa Housing Society as at March 31 follows:

	<u>2019</u>	<u>2018</u>
Financial position		
Total assets	\$ 5,947,999	5,405,830
Total liabilities	<u>5,510,188</u>	<u>4,986,965</u>
Net assets	437,811	418,865
Results of operations		
Revenues	\$ 762,878	812,515
Expenses	738,252	791,590
Cash flows		
Operating activities	\$ 321,605	290,692
Investing activities	(746,097)	-
Financing activities	472,769	(265,590)

All assets of the Kiwassa Housing Society are required, under the terms of operating contracts with the BC Housing Management Commission, to be used solely for its operations.

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### Note 16      Comparative figures

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Certain 2018 comparative figures have been reclassified to conform with the method of presentation adopted for the current year.