

Financial Statements of

**BURNSIDE GORGE
COMMUNITY ASSOCIATION**

Year ended August 31, 2016



KPMG Enterprise™
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone (250) 480-3500
Fax (250) 480-3539

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, 2016, 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, 2016, 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

November 28, 2016
Victoria, Canada

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

August 31, 2016, with comparative information for 2015

| | General Fund | Capital Fund | 2016 | 2015 |
|---------------------------------|--------------|--------------|------------|------------|
| (Schedule 2) | | | | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 348,658 | \$ - | \$ 348,658 | \$ 237,622 |
| Short-term investments (note 2) | 342,220 | - | 342,220 | 342,391 |
| Accounts receivable | 53,635 | - | 53,635 | 55,770 |
| Prepaid expenses | 6,240 | - | 6,240 | 7,584 |
| | 750,753 | - | 750,753 | 643,367 |
| Capital assets (note 3) | - | 40,515 | 40,515 | 48,905 |
| | \$ 750,753 | \$ 40,515 | \$ 791,268 | \$ 692,272 |

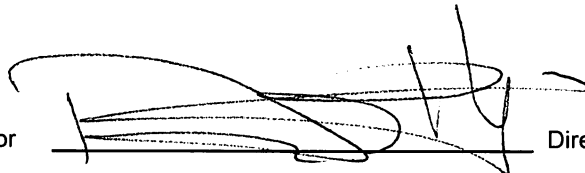
Liabilities and Fund Balances

| | | | | |
|---|------------|-----------|------------|------------|
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (note 4) | \$ 146,574 | \$ - | \$ 146,574 | \$ 149,315 |
| Deferred contributions (note 5) | 322,115 | - | 322,115 | 236,607 |
| Deferred capital contributions (note 6) | - | 20,673 | 20,673 | 33,687 |
| Fund balances: | | | | |
| Unrestricted | 62,064 | - | 62,064 | 37,445 |
| Internally restricted (note 7) | 220,000 | - | 220,000 | 220,000 |
| Invested in capital assets | - | 19,842 | 19,842 | 15,218 |
| | 282,064 | 19,842 | 301,906 | 272,663 |
| Commitments (note 8) | | | | |
| | \$ 750,753 | \$ 40,515 | \$ 791,268 | \$ 692,272 |

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, 2016, with comparative information for 2015

| | General Fund | Capital Fund | 2016 | 2015 |
|--|-----------------|-----------------|--------------|--------------|
| | | | | (Schedule 3) |
| Revenue (Schedule 1): | | | | |
| Grants and contracts | \$ 1,319,612 | \$ - | \$ 1,319,612 | \$ 1,244,371 |
| Programs | 383,578 | - | 383,578 | 422,426 |
| Other | 325,010 | 13,014 | 338,024 | 327,879 |
| | 2,028,200 | 13,014 | 2,041,214 | 1,994,676 |
| Expenses: | | | | |
| Salaries and benefits | 1,579,436 | - | 1,579,436 | 1,559,333 |
| Program supplies | 199,369 | - | 199,369 | 174,885 |
| Office and general | 121,619 | - | 121,619 | 126,841 |
| Rent, maintenance and security | 77,611 | - | 77,611 | 71,658 |
| Loss on disposal of capital assets | - | 1,132 | 1,132 | - |
| Sundry | 3,974 | - | 3,974 | 3,556 |
| Instructor fees | 9,025 | - | 9,025 | 7,253 |
| Amortization | - | 19,810 | 19,810 | 20,388 |
| | 1,991,034 | 20,942 | 2,011,976 | 1,963,914 |
| Excess (deficiency) of revenue over expenses | 37,166 | (7,928) | 29,238 | 30,762 |
| Interfund transfer for purchase of capital assets | (12,551) | 12,551 | - | - |
| Fund balances, beginning of year | 257,449 | 15,218 | 272,667 | 241,901 |
| Fund balances, end of year | \$ 282,064 | \$ 19,841 | \$ 301,905 | \$ 272,663 |

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2016, with comparative information for 2015

| | 2016 | 2015 |
|--|--------------------|--------------------|
| Cash provided by (used in): | | |
| Cash flows from operating activities: | | |
| Cash received from grants, programs, contracts and other | \$ 2,110,702 | \$ 1,957,937 |
| Interest income | 5,473 | 4,881 |
| | <u>2,116,175</u> | <u>1,962,818</u> |
| Cash paid for: | | |
| Salaries and benefits | (1,585,884) | (1,548,818) |
| Program supplies | (194,065) | (162,943) |
| Other services | (213,611) | (209,308) |
| | <u>(1,993,560)</u> | <u>(1,921,069)</u> |
| | 122,615 | 41,749 |
| Cash flows from investing activities: | | |
| Purchase of capital assets | (12,551) | (11,162) |
| Purchase of short-term investments, net | (160) | (15,004) |
| Loss on disposal of capital assets | 1,132 | - |
| | <u>(11,579)</u> | <u>(26,166)</u> |
| Increase in cash and cash equivalents | 111,036 | 15,583 |
| Cash and cash equivalents, beginning of year | 237,622 | 222,039 |
| Cash and cash equivalents, end of year | <u>\$ 348,658</u> | <u>\$ 237,622</u> |

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2016

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, 2016

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) Cash and cash equivalents:

Cash and cash equivalents consist of cash, short-term investments with original maturity dates of 91 days or less when acquired and investments in money market instruments.

(d) 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 |

(e) 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, 2016

1. Significant accounting policies (continued):

(f) 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.

(g) 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, 2016

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, 2016 and bears interest annually at 1.10%. The second deposit of \$220,000 matures March 12, 2017 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, 2017 and bears interest annually at 1.10%.

3. Capital assets:

| | | | 2016 | 2015 |
|-------------------------|------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Vehicle | \$ 89,130 | \$ 75,655 | \$ 13,475 | \$ 20,213 |
| Computer equipment | 94,350 | 80,954 | 13,396 | 5,492 |
| Furniture and equipment | 282,138 | 272,637 | 9,501 | 17,072 |
| Leasehold improvements | 69,021 | 64,878 | 4,143 | 6,128 |
| | \$ 534,639 | \$ 494,124 | \$ 40,515 | \$ 48,905 |

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$26,267 (2015 - \$24,434) 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, 2016

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:

| | 2016 | 2015 |
|--|------------|------------|
| Balance opening | \$ 236,607 | \$ 222,346 |
| Received related to future years: | | |
| Government grants | 185,741 | 161,177 |
| Grants - foundations/organizations | 136,373 | 75,430 |
| Amounts recognized as revenue in the year: | | |
| Government grants | (161,176) | (169,942) |
| Grants - foundations/organizations | (75,430) | (52,404) |
| Balance closing | \$ 322,115 | \$ 236,607 |

(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:

| | 2016 | 2015 |
|----------------------------------|-----------|-----------|
| Opening deferred gaming grants | \$ 65,300 | \$ 67,000 |
| Amounts received during the year | 81,780 | 80,000 |
| Amounts recognized as revenue | (81,780) | (81,700) |
| Ending deferred gaming grants | \$ 65,300 | \$ 65,300 |

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

6. Deferred capital contributions:

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

The changes for the year are as follows:

| | 2016 | 2015 |
|-------------------------------|-----------|-----------|
| Balance opening | \$ 33,687 | \$ 45,265 |
| Amounts recognized as revenue | (13,014) | (11,578) |
| Balance closing | \$ 20,673 | \$ 33,687 |

There were no unexpended contributions in 2016 (2015 - 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:

| | | |
|------|----|-------|
| 2017 | \$ | 3,320 |
| 2018 | | 3,320 |
| 2019 | | 830 |
| | \$ | 7,470 |

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2016

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 2015.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Schedule of Revenue

Schedule 1

Year ended August 31, 2016, with comparative information for 2015

| | General Fund | Capital Fund | 2016 | 2015 |
|---|---------------------|------------------|---------------------|---------------------|
| Grants and contracts: | | | | |
| Ministry of Children and Family Development | \$ 354,252 | \$ - | \$ 354,252 | \$ 355,459 |
| School District #61 | 374,147 | - | 374,147 | 348,617 |
| BC Housing | 267,008 | - | 267,008 | 238,405 |
| Vancity | 26,667 | - | 26,667 | 20,000 |
| City of Victoria | 100,488 | - | 100,488 | 77,870 |
| Public Health Agency of Canada - Community Action Program | 19,853 | - | 19,853 | 20,307 |
| Other | 62,574 | - | 62,574 | 112,533 |
| Victoria Foundation | 8,333 | - | 8,333 | 16,667 |
| United Way - Youth Centre | 95,020 | - | 95,020 | 45,000 |
| Human Resources Development Canada | 11,270 | - | 11,270 | 9,513 |
| | <u>1,319,612</u> | <u>-</u> | <u>1,319,612</u> | <u>1,244,371</u> |
| Programs: | | | | |
| Childcare | 336,661 | - | 336,661 | 382,705 |
| Community recreation and education | 46,917 | - | 46,917 | 39,721 |
| | <u>383,578</u> | <u>-</u> | <u>383,578</u> | <u>422,426</u> |
| Other: | | | | |
| Casino and bingo | 81,780 | - | 81,780 | 81,700 |
| Community chest | 7,868 | - | 7,868 | 1,515 |
| Donations | 11,075 | - | 11,075 | 17,437 |
| Interest and investment income | 5,142 | - | 5,142 | 6,707 |
| Rental income | 193,235 | - | 193,235 | 182,296 |
| Special events | 11,127 | - | 11,127 | 15,658 |
| Amortization of deferred capital contributions | - | 13,014 | 13,014 | 11,578 |
| Sundry | 14,783 | - | 14,783 | 10,988 |
| | <u>325,010</u> | <u>13,014</u> | <u>338,024</u> | <u>327,879</u> |
| | <u>\$ 2,028,200</u> | <u>\$ 13,014</u> | <u>\$ 2,041,214</u> | <u>\$ 1,994,676</u> |

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

Schedule 2

August 31, 2015

| | General Fund | Capital Fund | 2015 |
|---------------------------------|-------------------|------------------|-------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 237,622 | \$ - | \$ 237,622 |
| Short-term investments (note 2) | 342,391 | - | 342,391 |
| Accounts receivable | 55,770 | - | 55,770 |
| Prepaid expenses | 7,584 | - | 7,584 |
| | <u>643,367</u> | <u>-</u> | <u>643,367</u> |
| Capital assets (note 3) | - | 48,905 | 48,905 |
| | <u>\$ 643,367</u> | <u>\$ 48,905</u> | <u>\$ 692,272</u> |

Liabilities and Fund Balances

| | | | |
|--|-------------------|------------------|-------------------|
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 149,315 | \$ - | \$ 149,315 |
| Deferred contributions (note 5) | 236,607 | - | 236,607 |
| Deferred capital contributions (note 6) | - | 33,687 | 33,687 |
| Fund balances: | | | |
| Unrestricted | 37,445 | - | 37,445 |
| Internally restricted | 220,000 | - | 220,000 |
| Invested in capital assets | - | 15,218 | 15,218 |
| | <u>257,445</u> | <u>15,218</u> | <u>272,663</u> |
| Commitments (note 8) | | | |
| | <u>\$ 643,367</u> | <u>\$ 48,905</u> | <u>\$ 692,272</u> |

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Changes in Fund Balances

Schedule 3

Year ended August 31, 2015

| | General Fund | Capital Fund | 2015 |
|---|-------------------|------------------|-------------------|
| Revenue: | | | |
| Grants and contracts | \$ 1,244,371 | \$ - | \$ 1,244,371 |
| Programs | 422,426 | - | 422,426 |
| Other | 316,301 | 11,578 | 327,879 |
| | <u>1,983,098</u> | <u>11,578</u> | <u>1,994,676</u> |
| Expenses: | | | |
| Salaries and benefits | 1,559,333 | - | 1,559,333 |
| Program supplies | 174,885 | - | 174,885 |
| Office and general | 126,841 | - | 126,841 |
| Rent, maintenance and security | 71,658 | - | 71,658 |
| Sundry | 3,556 | - | 3,556 |
| Instructor fees | 7,253 | - | 7,253 |
| Amortization | - | 20,388 | 20,388 |
| | <u>1,943,526</u> | <u>20,388</u> | <u>1,963,914</u> |
| Excess (deficiency) of revenue over expenses | 39,572 | (8,810) | 30,762 |
| Interfund transfer for purchase of capital assets | (11,165) | 11,165 | - |
| Fund balances, beginning of year | 229,038 | 12,863 | 241,901 |
| Fund balances, end of year | \$ 257,445 | \$ 15,218 | \$ 272,663 |