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FINANCIAL STATEMENTS

MOUNT PLEASANT COMMUNITY CENTRE ASSOCIATION

August 31, 2018

Limited Liability Partnership

Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mount Pleasant Community Centre Association

Report on the Financial Statements

We have audited the accompanying financial statements of Mount Pleasant Community Centre Association which comprise the statement of financial position as at August 31, 2018, and the statements of changes in net assets, operations and cash flows for the year then ended, and 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.

Auditor's 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 the auditor’s 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, the auditor considers internal control relevant to the Association’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 Association’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 Mount Pleasant Community Centre Association as at August 31, 2018 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
October 18, 2018

Chartered Professional Accountants

Tompkins Wozny
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

	2018 $	2017 $
ASSETS		
Current		
Cash - operating	**320,031**	230,494
- gaming	**9**	17,117
Term deposits *[note 4]*	**581,099**	575,310
Accounts and grants receivable *[note 5]*	**82,255**	137,029
Prepaid expenses	**12,483**	13,717
Total current assets	**995,877**	973,667
Term deposits *[note 4]*	**101,949**	101,609
Capital assets *[note 6]*	**1,253,574**	1,328,463
	2,351,400	2,403,739
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accruals *[note 7]*	**146,482**	228,770
Deferred revenue	**208,490**	185,850
Unexpended grants and fundraising *[schedule]*	**2,727**	2,577
Total current liabilities	**357,699**	417,197
Deferred contributions related to capital assets *[note 8]*	**1,124,107**	1,190,747
Total liabilities and deferred contributions	**1,481,806**	1,607,944
Net assets		
Invested in capital assets	**129,467**	137,716
Internally restricted *[note 9]*	**345,499**	345,499
Unrestricted	**394,628**	312,580
Total net assets	**869,594**	795,795
	2,351,400	2,403,739

See accompanying notes to the financial statements

On behalf of the Board:

"Anita Romaniuk" — Director

"David Fielding" — Director

STATEMENT OF CHANGES IN NET ASSETS

Years ended August 31

	Invested in Capital Assets $	Internally Restricted $	Un - restricted $	Total $
		[note 9]		
2018				
Balance, beginning of year	**137,716**	**345,499**	**312,580**	**795,795**
Revenue over (under) expenses	**(8,249)**	**—**	**82,048**	**73,799**
Balance, end of year	**129,467**	**345,499**	**394,628**	**869,594**
2017				
Balance, beginning of year	145,962	235,499	347,070	728,531
Revenue over (under) expenses	(8,246)	—	75,510	67,264
Interfund transfers	—	110,000	(110,000)	—
Balance, end of year	137,716	345,499	312,580	795,795

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended August 31

	Association		Joint		Totals	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
		[note 11(i)]		*[note 11(i)]*		
REVENUE						
Childcare programs	**1,499,985**	1,460,231	**—**	—	**1,499,985**	1,460,231
General programs	**—**	—	**579,643**	542,766	**579,643**	542,766
Membership services - rentals	**—**	—	**59,345**	63,747	**59,345**	63,747
Fundraising - Gaming	**—**	—	**17,000**	15,563	**17,000**	15,563
Donations	**20,500**	620	**—**	—	**20,500**	620
Special events	**2,464**	1,000	**—**	—	**2,464**	1,000
Interest and other	**9,819**	4,617	**5,756**	2,345	**15,575**	6,962
Amortization of deferred contributions related to capital assets *[note 8]*	**66,640**	66,640	**—**	—	**66,640**	66,640
Restricted grants and fundraising *[schedule]*	**82**	71	**—**	—	**82**	71
	1,599,490	1,533,179	**661,744**	624,421	**2,261,234**	2,157,600
EXPENSES *[note 12]*						
Childcare programs - contractors, wages and benefits	**1,159,557**	1,144,224	**—**	—	**1,159,557**	1,144,224
- supplies and other *[note 11(ii)]*	**193,964**	168,916	**—**	—	**193,964**	168,916
General programs - contractors, wages and benefits	**—**	—	**530,501**	494,717	**530,501**	494,717
- supplies and other	**—**	—	**29,737**	31,815	**29,737**	31,815
Special events - contractors, wages and benefits	**2,481**	2,419	**—**	—	**2,481**	2,419
- supplies and other	**8,628**	9,651	**—**	—	**8,628**	9,651
Accounting and audit	**12,748**	13,161	**12,748**	13,161	**25,496**	26,322
Advertising and brochure	**1,368**	1,630	**12,311**	14,667	**13,679**	16,297
Amortization of capital assets	**74,889**	74,886	**—**	—	**74,889**	74,886
Bank charges and merchant fees	**808**	767	**808**	767	**1,616**	1,534
Conferences and workshops	**321**	1,174	**—**	—	**321**	1,174
Dude Chilling contribution	**20,000**	—	**—**	—	**20,000**	—
Minor equipment, repairs and maintenance	**—**	—	**4,374**	11,739	**4,374**	11,739
Online registration fees	**5,317**	5,208	**30,129**	29,510	**35,446**	34,718
Office, supplies, postage and other	**18,846**	14,509	**3,622**	5,003	**22,468**	19,512
Office wages and benefits	**10,275**	10,468	**41,100**	41,873	**51,375**	52,341
Restricted grants and fundraising *[schedule]*	**82**	71	**—**	—	**82**	71
Subscription fees *[note 13]*	**1,923**	—	**10,898**	—	**12,821**	—
	1,511,207	1,447,084	**676,228**	643,252	**2,187,435**	2,090,336
Revenue over (under) expenses for the year	**88,283**	86,095	**(14,484)**	(18,831)	**73,799**	67,264

Joint operating agreement *[note 13]*

See accompanying notes to the financial statements

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STATEMENT OF CASH FLOWS

Year ended August 31

	2018 $	2017 $
OPERATING ACTIVITIES		
Revenue over expenses for the year	**73,799**	67,264
Items not affecting cash		
Amortization of capital assets	**74,889**	74,886
Revenue from amortization of deferred contributions related to capital assets	**(66,640)**	(66,640)
Changes in non-cash working capital items		
Accounts and grants receivable	**54,774**	2,924
Prepaid expenses	**1,234**	2,611
Accounts payable and accruals	**(82,288)**	(31,104)
Deferred revenue	**22,640**	29,576
Unexpended grants and fundraising (net)	**150**	403
Cash provided by operating activities	**78,558**	79,920
INVESTING ACTIVITIES		
Purchase of term deposits (net)	**(6,129)**	(504,151)
Cash used in investing activities	**(6,129)**	(504,151)
Increase (decrease) in cash during the year	**72,429**	(424,231)
Cash, beginning of year	**247,611**	671,842
Cash, end of year	**320,040**	247,611
Cash consists of:		
Operating	**320,031**	230,494
Gaming	**9**	17,117
Totals	**320,040**	247,611

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

1. ORGANIZATION

The Mount Pleasant Community Centre Association ("the Association") was incorporated pursuant to the Societies Act of British Columbia in 1966, was registered as a charitable organization in 1989 for income tax purposes, and is exempt from income taxes. The objectives of the Association are to promote and provide education, recreational, athletic and social facilities and equipment for the use and benefit of the Mount Pleasant community in Vancouver.

2. GOVERNANCE AND OPERATIONS

The Association carries out these objectives through the operations of the Mount Pleasant Community Centre pursuant to a Joint Operating Agreement ("JOA") with the City of Vancouver Board of Parks and Recreation ("Park Board"). The previous JOA was signed on April 10, 1979.

During the year, the Association signed a new JOA effective January 1, 2018 *[note 13]* .

Use of the Mount Pleasant Community Centre premises as well as the providing of certain operating expenses, such as various staff costs, are provided to the Association pursuant to the JOA with the Park Board. The value of the use of the facilities as well as these additional operating expenses has 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 revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets, the determination of deferred revenue, the valuation allowances for accounts receivable and the allocation of a certain revenue and expenses between Association operated activiites and joint activities with the Park Board. Actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates (cont'd)

The Association has allocated certain revenue and expenses between Association operated activities and joint activities with the Park Board as described in Note 11(i).

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

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

Statement of Cash Flows

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported using the indirect method.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided on a straight-line basis as outlined in Note 6.

August 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Donated Services

The Association and its members benefit greatly from donated services in the form of volunteer time. Because of the difficulty in determining their fair value, the value of donated services is not recognized in these financial statements.

4. TERM DEPOSITS

Term deposits have interest rates varying from 0.9% to 2.2% and maturity dates ranging from October 2018 to May 2022.

5. ACCOUNTS AND GRANTS RECEIVABLE

	2018 $	2017 $
Grants	**50,599**	37,456
Park Board	**28,633**	96,598
Interest	**3,023**	2,975
	82,255	137,029
Allowance for doubtful accounts	**—**	—
	82,255	137,029

6. CAPITAL ASSETS

	Rate	Cost $	Accumulated Amortization $	Net Book Value $
2018				
Building - Our House - West 16th Avenue	25 years S. L.	**1,872,183**	**618,609**	**1,253,574**
		1,872,183	**618,609**	**1,253,574**
2017				
Building - Our House - West 16th Avenue	25 years S. L.	1,872,183	543,720	1,328,463
		1,872,183	543,720	1,328,463

NOTES TO FINANCIAL STATEMENTS

August 31, 2018

7. ACCOUNTS PAYABLE AND ACCRUALS

	2018 $	2017 $
Trade and accruals	**96,293**	117,808
Government remittances - payroll deductions	**3,748**	20,511
- GST	**2,140**	2,922
- WorkSafe BC	**2,258**	3,092
Park Board	**42,043**	84,437
	146,482	228,770

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which capital assets were acquired. The balance in the account is as follows:

	2018 $	2017 $
Balance, beginning of year	**1,190,747**	1,257,387
Less: Amounts amortized to revenue	**(66,640)**	(66,640)
Balance, end of year	**1,124,107**	1,190,747

9. INTERNALLY RESTRICTED NET ASSETS

The Association has internally restricted the following amounts for expenditure on:

	2018 $	2017 $
Outdoor pool replacement	**110,000**	110,000
Our House Childcare - replacement and capital improvements	**180,000**	180,000
Community enhancement	**50,000**	50,000
Common area improvements	**5,499**	5,499
	345,499	345,499

10. FINANCIAL INSTRUMENTS

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, 2018.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Association is exposed to credit risk with respect to its cash, term deposits, and accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Association's cash and term deposits are invested with a large financial institution.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association is exposed to interest rate risk on its term deposits in so far that the initial rate may be higher than the current interest rate obtained on maturity and renewal.

11. ALLOCATIONS OF REVENUES AND EXPENSES

i) General

The 2018 and 2017 revenues and expenses have been allocated to Association operated activities and to activities which are jointly operated with the City of Vancouver Board of Parks and Recreation (see note 2). The allocation of various expenses between Association activities and joint activities, which include accounting and audit, advertising and brochure, amortization of capital assets, bank charges and merchant fees, conferences and workshops, minor equipment, repairs and maintenance, online registration fees, office supplies, postage and other, subscription fees and office wages and benefits, have been estimated by the Association.

11. ALLOCATIONS OF REVENUES AND EXPENSES (CONT'D)

ii) Childcare program expenses

Childcare program expenses only include direct expenses and do not include the allocation of any of the Association's overhead expenses.

12. WAGES AND CONTRACTOR REMUNERATION

Pursuant to the British Columbia Societies Act, the Association is required to disclose wages and benefits and fees paid to contractors who are paid $75,000 or more during the fiscal year.

Contractors, wages and benefits include $211,693 [2017 - $212,027] of expense provided by a contractor. Of this amount, $161,417 [2017 - $162,096] is included in general programs - contractors, wages and benefits expense, $49,049 [2017 - $50,111] is included in office wages and benefits expense, and $1,227 [2017 - $Nil] is included in special events - contractors, wages and benefits expense.

13. JOINT OPERATING AGREEMENT ("JOA")

During the year, 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 Vancouver 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, 2018, the Association will pay a 1% subscription fee for the Registration System for the term of the Active Network Ltd. agreement expiring in 2019.

SCHEDULE OF UNEXPENDED GRANTS AND FUNDRAISING

Year ended August 31

	Unexpended, Beginning of Year		Restricted Contributions		Expenditures		Unexpended, End of Year	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Youth Services	**1,707**	1,233	**150**	474	**—**	—	**1,857**	1,707
Save the Pool	**788**	859	**82**	—	**—**	71	**870**	788
Zoey Quarter Memorial Fund	**82**	82	**—**	—	**82**	—	**—**	82
	2,577	2,174	**232**	474	**82**	71	**2,727**	2,577

See accompanying notes to the financial statements

Tompkins Wozny
Chartered Professional Accountants