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FINANCIAL STATEMENTS

MOUNT PLEASANT COMMUNITY CENTRE ASSOCIATION

August 31, 2019

Limited Liability Partnership

Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mount Pleasant Community Centre Association

Qualified Opinion

We have audited the financial statements of Mount Pleasant 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, 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 Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, revenue over expenses, and cash flows from operations for the years ended August 31, 2019 and 2018, current assets as at August 31, 2019 and 2018, and net assets as at September 1 and August 31 for both the 2019 and 2018 years.

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 qualified 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.

• 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
October 20, 2019

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at August 31

	2019	2018
	$	**$**
ASSETS		
Current		
Cash - operating	**355,811**	320,031
- gaming	**11**	9
Term deposits *[note 4]*	**668,171**	581,099
Accounts and grants receivable *[note 5]*	**81,348**	82,255
Prepaid expenses	**13,481**	12,483
Total current assets	**1,118,822**	995,877
Term deposits *[note 4]*	**20,686**	101,949
Capital assets *[note 6]*	**1,180,139**	1,253,574
	2,319,647	2,351,400
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accruals *[note 7]*	**158,228**	146,482
Deferred revenue	**201,101**	208,490
Unexpended grants and fundraising *[schedule]*	**3,624**	2,727
Total current liabilities	**362,953**	357,699
Deferred contributions related to capital assets *[note 8]*	**1,057,467**	1,124,107
Total liabilities and deferred contributions	**1,420,420**	1,481,806
Net assets		
Invested in capital assets *[note 9]*	**122,672**	129,467
Internally restricted *[note 9]*	**741,389**	345,499
Unrestricted	**35,166**	394,628
Total net assets	**899,227**	869,594
	2,319,647	2,351,400

Joint operating agreement *[note 14]*

See accompanying notes to the financial statements

On behalf of the Board:

"Rod Hashimoto"
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]	*[note 9]*		
2019				
Balance, beginning of year	**129,467**	**345,499**	**394,628**	**869,594**
Revenue over (under) expenses for the year	**(8,503)**	**—**	**38,136**	**29,633**
Acquisition of capital assets	**1,708**	**—**	**(1,708)**	**—**
Interfund transfers	**—**	**395,890**	**(395,890)**	**—**
Balance, end of year	**122,672**	**741,389**	**35,166**	**899,227**
2018				
Balance, beginning of year	137,716	345,499	312,580	795,795
Revenue over (under) expenses for the year	(8,249)	—	82,048	73,799
Balance, end of year	129,467	345,499	394,628	869,594

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended August 31

	Association		Joint		Totals	
	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$
	[note 12(i)]		*[note 12(i)]*			
REVENUE						
Childcare programs	**1,509,460**	1,499,985	**—**	—	**1,509,460**	1,499,985
General programs	**—**	—	**671,291**	579,643	**671,291**	579,643
Membership services - rentals	**—**	—	**67,438**	59,345	**67,438**	59,345
Fundraising - Gaming	**—**	—	**17,117**	17,000	**17,117**	17,000
Donations	**28,601**	20,500	**—**	—	**28,601**	20,500
Special events	**8,675**	2,464	**—**	—	**8,675**	2,464
Interest and other	**8,734**	9,819	**1,292**	5,756	**10,026**	15,575
Amortization of deferred contributions related to capital assets *[note 8]*	**66,640**	66,640	**—**	—	**66,640**	66,640
Restricted grants and fundraising *[schedule]*	**—**	82	**—**	—	**—**	82
	1,622,110	1,599,490	**757,138**	661,744	**2,379,248**	2,261,234
EXPENSES *[note 13]*						
Childcare programs - contractors, wages and benefits	**1,210,287**	1,159,557	**—**	—	**1,210,287**	1,159,557
- supplies and other *[note 12(ii)]*	**191,553**	193,964	**—**	—	**191,553**	193,964
General programs - contractors, wages and benefits	**—**	—	**617,625**	530,501	**617,625**	530,501
- supplies and other	**—**	—	**27,785**	29,737	**27,785**	29,737
Special events - contractors, wages and benefits	**10,892**	2,481	**—**	—	**10,892**	2,481
- supplies and other	**13,461**	8,628	**—**	—	**13,461**	8,628
Accounting and audit	**12,003**	12,748	**12,003**	12,748	**24,006**	25,496
Advertising and brochure	**1,852**	1,368	**16,668**	12,311	**18,520**	13,679
Amortization of capital assets	**74,887**	74,889	**256**	—	**75,143**	74,889
Bank charges and merchant fees	**603**	808	**603**	808	**1,206**	1,616
Conferences and workshops	**1,484**	321	**—**	—	**1,484**	321
Credit card fees	**24,478**	24,812	**12,056**	10,634	**36,534**	35,446
Dude Chilling contribution	**28,169**	20,000	**—**	—	**28,169**	20,000
Minor equipment, repairs and maintenance	**—**	—	**7,103**	4,374	**7,103**	4,374
Office, supplies, postage and other	**5,948**	18,846	**4,013**	3,622	**9,961**	22,468
Office wages and benefits	**10,326**	10,275	**41,303**	41,100	**51,629**	51,375
Operation fee *[note 14]*	**—**	—	**4,266**	—	**4,266**	—
Restricted grants and fundraising *[schedule]*	**—**	82	**—**	—	**—**	82
Subscription fees *[note 14]*	**13,394**	8,975	**6,597**	3,846	**19,991**	12,821
	1,599,337	1,537,754	**750,278**	649,681	**2,349,615**	2,187,435
Revenue over expenses for the year	**22,773**	61,736	**6,860**	12,063	**29,633**	73,799

Joint operating agreement *[note 14]*

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended August 31

	2019 $	2018 $
OPERATING ACTIVITIES		
Revenue over expenses for the year	**29,633**	73,799
Items not affecting cash		
Amortization of capital assets	**75,143**	74,889
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	**907**	54,774
Prepaid expenses	**(998)**	1,234
Accounts payable and accruals	**11,746**	(82,288)
Deferred revenue	**(7,389)**	22,640
Unexpended grants and fundraising (net)	**897**	150
Cash provided by operating activities	**43,299**	78,558
INVESTING ACTIVITIES		
Purchase of term deposits (net)	**(5,809)**	(6,129)
Acquisition of capital assets	**(1,708)**	—
Cash used in investing activities	**(7,517)**	(6,129)
Increase in cash during the year	**35,782**	72,429
Cash, beginning of year	**320,040**	247,611
Cash, end of year	**355,822**	320,040
Cash consists of:		
Operating	**355,811**	320,031
Gaming	**11**	9
Totals	**355,822**	320,040

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

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.

The Association signed a new JOA effective January 1, 2018 *[note 14]* .

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. The most significant areas requiring management estimates include the estimated useful lives of capital assets, the determination of allowance for doubtful accounts relating to accounts receivable, and the allocation of a certain revenue and expenses between Association operated activities and joint activities with the Park Board. Actual results could differ from these estimates.

The Association has allocated certain revenue and expenses between Association operated activities and joint activities with the Park Board as described in Note 12(i).

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 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.

Childcare 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.

Membership services 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.

Amortization of deferred contributions related to capital assets are recorded on a straight-line basis over 25 years.

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 and grants receivable.

Financial liabilities measured at amortized cost include accounts payable.

NOTES TO FINANCIAL STATEMENTS

August 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Capital Assets

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

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 2019 to May 2022.

5. ACCOUNTS AND GRANTS RECEIVABLE

	2019 $	2018 $
Grants	**58,383**	50,599
Park Board	**19,191**	28,633
Interest	**3,774**	3,023
	81,348	82,255
Allowance for doubtful accounts	**—**	—
	81,348	82,255

August 31, 2019

6. CAPITAL ASSETS

	Rate	Cost $	Accumulated Amortization $	Net Book Value $
2019				
Building - Our House - West 16th Avenue	25 years S. L.	**1,872,183**	**693,496**	**1,178,687**
Equipment	5 years S. L.	**1,708**	**256**	**1,452**
		1,873,891	**693,752**	**1,180,139**
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

7. ACCOUNTS PAYABLE AND ACCRUALS

	2019 $	2018 $
Trade and accruals	**123,846**	96,293
Government remittances - payroll deductions	**4,362**	3,748
- GST	**2,190**	2,140
- WorkSafe BC	**3,430**	2,258
Park Board	**24,400**	42,043
	158,228	146,482

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:

	2019 $	2018 $
Balance, beginning of year	**1,124,107**	1,190,747
Less: Amounts amortized to revenue	**(66,640)**	(66,640)
Balance, end of year	**1,057,467**	1,124,107

9. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT

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:

9. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT (CONT'D)

	2019 $	2018 $
Outdoor pool replacement	**111,262**	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
Contingency fund	**394,628**	—
	741,389	345,499

Invested in Capital Assets

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

Outdoor Pool Replacement

The Association has internally restricted $111,262 to be used for expenditures on replacing the outdoor pool.

Our House Childcare - Replacement and Capital Improvements

The Association has internally restricted $180,000 to be used for expenditures on Our House Childcare replacement and capital improvements.

Community Enhancement

The Association has internally restricted $50,000 to be used for expenditures on community enhancements.

Common Area Improvements

The Association has internally restricted $5,499 to be used for expenditures on common area improvements.

Contingency Fund

During the year, the Board of Directors voted to internally restrict funds of $394,628 as a contingency fund. The contingency fund would cover unforeseen expenses, such as expenses incurred upon the Association ceasing operations.

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 amortization of deferred contributions related to capital assets.

11. 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, 2019.

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.

12. ALLOCATIONS OF REVENUES AND EXPENSES

i) General

The 2019 and 2018 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, credit card fees, office supplies, postage and other, subscription fees and office wages and benefits have been estimated by the Association.

12. 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.

13. 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 $203,916 [2018 - $211,693] of expense provided by a contractor for Group I wages. Of this amount, $154,706 [2018 - $161,417] is included in general programs - contractors, wages and benefits expense, $49,210 [2018 - $49,049] is included in office wages and benefits expense, and $Nil [2018 - $1,227] is included in special events - contractors, wages and benefits expense. The Group I wages cover the cost of several employees.

14. JOINT OPERATING AGREEMENT ("JOA")

In 2018, 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.

15. COMPARATIVE FIGURES

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

SCHEDULE OF UNEXPENDED GRANTS AND FUNDRAISING

Year ended August 31

	Unexpended, Beginning of Year		Restricted Contributions		Expenditures		Unexpended, End of Year	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Youth Services	**1,857**	1,707	**—**	150	**—**	—	**1,857**	1,857
Save the Pool	**870**	788	**897**	82	**—**	—	**1,767**	870
Zoey Quarter Memorial Fund	**—**	82	**—**	—	**—**	82	**—**	—
	2,727	2,577	**897**	232	**—**	82	**3,624**	2,727

See accompanying notes to the financial statements