

**KIWASSA NEIGHBOURHOOD SERVICES
ASSOCIATION**

A Not-For-Profit Organization

FINANCIAL INFORMATION

March 31, 2022

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300-2000 West 12th Ave
Vancouver, BC V6J 2G2
604 736.6581
gbco.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Kiwassa Neighbourhood Services Association:

Opinion

We have audited the accompanying financial statements of Kiwassa Neighbourhood Services Association ("the Association"), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of changes in net assets and statement of cash flow for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2022 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 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 guaranteed 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 may 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 auditors' 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Galloway Battelle & Company

Chartered Professional Accountants
Vancouver, BC
September 6, 2022

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KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	2022	%	2021	%
Revenue				
Province of BC	\$ 2,219,763	38.6	2,694,569	44.0
User fees	1,062,069	18.4	705,684	11.5
Government of Canada	693,894	12.1	1,029,233	16.8
Recognition of prior year deferred revenue	423,832	7.4	143,740	2.3
City of Vancouver	283,942	4.9	330,156	5.4
Hastings Entertainment	226,603	3.9	224,727	3.7
United Way	195,817	3.4	286,156	4.7
Fundraising and grants	112,397	2.0	156,752	2.6
Vancouver Coastal Health	123,678	2.1	129,954	2.1
Gaming revenue	100,000	1.7	100,000	1.6
Administration fees (Note 14)	54,164	0.9	53,205	0.9
Vancouver Foundation	50,102	0.9	55,000	0.9
Donations	46,679	0.8	89,087	1.5
Investment income	19,885	0.3	17,437	0.3
Rental income	15,000	0.3	15,000	0.2
BC Housing	14,586	0.3	3,626	0.1
Kiwassa Endowment Fund	3,468	0.1	3,420	0.1
Cedar Cottage Neighbourhood House	-	-	14,533	-
	<u>5,645,879</u>	<u>98.1</u>	<u>6,052,279</u>	<u>98.7</u>
Less: contributions received for capital purchases	(33,685)	-	(73,665)	-
Add: amortization of deferred contributions related to property and equipment	<u>145,801</u>	<u>1.9</u>	<u>148,124</u>	<u>1.3</u>
	<u>5,757,995</u>	<u>100.0</u>	<u>6,126,738</u>	<u>100.0</u>
Expenses				
Salaries and benefits (Note 10)	4,133,221	71.8	3,920,150	64.0
Program supplies and expenses	525,428	9.1	467,696	7.6
Professional fees	190,975	3.3	212,226	3.5
Building and equipment	172,633	3.0	146,751	2.4
Janitorial	94,463	1.6	90,716	1.5
Insurance	51,056	0.9	40,422	0.7
Utilities and rent	48,672	0.8	43,670	0.7
Telephone	35,088	0.6	26,212	0.4
Office supplies and printing	33,680	0.6	31,910	0.5
Professional development	20,149	0.3	30,090	0.5
Bank charges	20,112	0.3	14,429	0.2
Advertising and program development	9,376	0.2	17,911	0.3
Van support	8,894	0.2	10,514	0.2
Transportation	8,407	0.1	6,801	0.1
Volunteer expenses	7,042	0.1	9,461	0.2
Organizational dues	236	-	480	-
	<u>5,359,432</u>	<u>92.9</u>	<u>5,069,439</u>	<u>82.8</u>
Amortization of property and equipment	<u>188,083</u>	<u>3.3</u>	<u>153,757</u>	<u>2.5</u>
	<u>5,547,515</u>	<u>96.2</u>	<u>5,223,196</u>	<u>85.3</u>
Excess of revenue over expenses	<u>\$ 210,480</u>	<u>3.8</u>	<u>903,542</u>	<u>14.7</u>

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

	Invested in Capital Assets	Internally Restricted	Unrestricted	2022	2021
Balance, beginning of year	\$ 270,519	2,091,639	106,720	2,468,878	1,565,336
Investment in capital assets	176,638	-	(176,638)	-	-
Excess of revenue over expenses	(42,282)	(4,394)	257,156	210,480	903,542
Internally imposed restrictions (Note 9)	-	163,018	(163,018)	-	-
Transfers to program operations	-	(10,923)	10,923	-	-
Balance, end of year	\$ 404,875	2,239,340	35,143	2,679,358	2,468,878

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 3,107,223	2,737,475
Accounts receivable (Note 4)	443,880	653,321
Prepaid expenses	13,640	18,328
	<u>3,564,743</u>	<u>3,409,124</u>
Tangible capital assets (Note 5)	2,222,153	2,199,912
	<u>\$ 5,786,896</u>	<u>5,609,036</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 532,531	382,938
DEFERRED CONTRIBUTIONS		
Operating (Note 7)	647,591	717,688
Related to capital assets (Note 8)	1,927,416	2,039,532
	<u>2,575,007</u>	<u>2,757,220</u>
NET ASSETS		
Invested in tangible capital assets	404,875	270,519
Internally restricted (Note 9)	2,239,340	2,091,639
Unrestricted	35,143	106,720
	<u>2,679,358</u>	<u>2,468,878</u>
	<u>\$ 5,786,896</u>	<u>5,609,036</u>

See accompanying notes and schedules

Approved on behalf of the board:

DocuSigned by:

Shantli Besso

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President

DocuSigned by:

Allison Parker

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Treasurer

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	2022	2021
CASH PROVIDED BY:		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 210,480	903,542
Non-cash item:		
Amortization - net	<u>42,282</u>	<u>5,632</u>
	252,762	909,174
Changes in non-cash working capital:		
Accounts receivable	209,441	(283,504)
Prepaid expenses	4,687	(3,732)
Accounts payable and accrued liabilities	149,593	(285)
Deferred operating contributions	(70,097)	237,737
	546,386	859,390
Financing activities		
Deferred contributions related to property and equipment	33,685	73,665
	33,685	73,665
Investing activities		
Acquisition of tangible capital assets	(210,323)	(182,290)
	(210,323)	(182,290)
Change in cash	369,748	750,765
Cash, beginning of year	2,737,475	1,986,710
Cash, end of year	\$ 3,107,223	2,737,475

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

Note 1 Purpose of the organization

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.

Note 2 Accounting policies

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:

	Amortization Period (Years)
Buildings	60
Automotive equipment	6
Computer equipment	4
Equipment, furniture and fixtures	10
Software	2

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. Assets under construction or development are not amortized until complete and available for use.

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, 2022

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>2022</u>	<u>2021</u>
Accounts receivable - programs	\$ 326,608	504,189
Goods and services taxes recoverable	12,247	11,114
Due from Kiwassa Housing Society	<u>105,025</u>	<u>138,018</u>
	<u>\$ 443,880</u>	<u>653,321</u>

Note 5 Tangible capital assets

		<u>2022</u>	<u>2021</u>
	Cost	Accumulated amortization	Net book value
			Net book value
Building			
Kiwassa Neighbourhood House	\$ 2,792,058	1,246,318	1,541,967
Building - Harbourview Daycare	1,091,909	730,421	434,875
Care			
Equipment, furniture and fixtures	603,576	411,015	192,561
Equipment, furniture and fixtures			
Harbourview	84,072	84,072	-
Computer equipment	191,843	96,201	95,642
Automotive equipment	23,200	13,872	9,328
Software	34,788	17,394	17,394
	<u>\$ 4,821,446</u>	<u>2,599,293</u>	<u>2,222,153</u>
			<u>2,199,912</u>

Included in the cost of building - Kiwassa Neighbourhood House is \$63,473 of costs related to additions that was in progress as of March 31, 2022. No provision for amortization of this amount has been recorded.

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

Note 6 Accounts payable and accrued liabilities

	<u>2022</u>	<u>2021</u>
Accounts payable and payroll liabilities	\$ 423,417	298,411
Accrued liabilities	22,220	18,595
Due to government agencies	<u>86,894</u>	<u>65,932</u>
	<u>\$ 532,531</u>	<u>382,938</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	\$ 271,382	214,113	(338,376)	147,119
Survivor of Violence program	147,000	-	-	147,000
Children's Program	51,420	37,159	(51,420)	37,159
Variety Club Daycare	8,873	19,163	(8,873)	19,163
Youth Program	33,083	20,745	(33,083)	20,745
Family Program	15,000	32,901	(15,000)	32,901
Harbourview Daycare	-	7,416	-	7,416
Harbourview PAC	7,754	-	-	7,754
Snior Program	-	25,246	-	25,246
Hastings North Literacy Plan	30,624	19,611	(30,624)	19,611
Nobody's Perfect program	22,783	23,578	(22,783)	23,578
Longhouse Out of School Program	4,460	-	(4,460)	-
Early Years Network	6,050	-	(6,050)	-
Kiwasssa Nora Davis Childcare	6,238	-	(6,238)	-
Chimo Terrace Youth	23,039	19,456	(23,039)	19,456
Hastings Park Childcare Project	-	19,290	-	19,290
Hastings North Community Project	46,293	56,108	(46,293)	56,108
Anti-Racism Project	-	2,184	-	2,184
Early Childhood Pedagogy Netowrk	-	5	-	5
Food Program	<u>43,690</u>	<u>62,856</u>	<u>(43,690)</u>	<u>62,856</u>
	<u>\$ 717,689</u>	<u>559,831</u>	<u>(629,929)</u>	<u>647,591</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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>2022</u>	<u>2021</u>
Opening balance	\$ 2,039,532	2,113,991
Contributions received	<u>33,685</u>	<u>73,665</u>
	2,073,217	2,187,656
Amounts amortized to revenue	<u>(145,801)</u>	<u>(148,124)</u>
	<u>\$ 1,927,416</u>	<u>2,039,532</u>

Note 9 **Internally restricted net assets**

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>2022</u>	<u>2021</u>
Building and equipment repairs and replacement	\$ 678,223	678,688
Van operations	55,385	59,779
Program operations	<u>1,505,732</u>	<u>1,353,172</u>
Balance at end of year	<u>\$ 2,239,340</u>	<u>2,091,639</u>

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

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 \$306,580 during the year ended March 31, 2022 (2021 - \$175,285).

Note 11 **Kiwassa Community Endowment Fund**

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, 2022 the endowment had a fair market value of \$97,395 (2021 - \$94,622).

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

Note 12 Economic dependence

The Association is economically dependent on government funding, which represents 64.9% (2021 - 70.8%) of total operating revenue.

Note 13 Financial instruments

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.

Note 14 Related party transactions

Administration fees include \$54,164 that was charged to Kiwassa Housing Society (2021 - \$53,314), a related society. The fees are charged in the ordinary course of operations and are recorded at exchange amount of consideration established and agreed by both parties.

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

Note 15 **Controlled entity**

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>2022</u>	<u>2021</u>
Financial position		
Total assets	\$ 4,969,721	5,449,431
Total liabilities	<u>4,534,313</u>	<u>4,941,489</u>
Net assets	435,408	507,942
Results of operations		
Revenues	\$ 963,030	1,003,106
Expenses	1,035,564	950,370
Cash flows		
Operating activities	\$ 223,688	287,686
Investing activities	(1,305)	222
Financing activities	(299,991)	(293,078)

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.

Note 16 **Comparative figures**

Certain 2021 comparative figures have been reclassified to conform with the method of presentation adopted for the current year.