

**KIWASSA NEIGHBOURHOOD SERVICES  
ASSOCIATION**

*A Not-For-Profit Organization*

**FINANCIAL STATEMENTS**

March 31, 2023

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

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## INDEPENDENT AUDITORS' REPORT

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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, 2023, 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, 2023 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  
August 29, 2023

**GBCO**

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## STATEMENT OF OPERATIONS

For the year ended March 31, 2023

	2023	%	2022	%
<b>Revenue</b>				
Province of BC	\$ 2,716,296	42.3	2,219,763	38.6
User fees	1,013,136	15.8	1,062,069	18.4
Government of Canada	695,464	10.8	693,894	12.1
Recognition of prior year deferred revenue	492,718	7.7	423,832	7.4
United Way	296,409	4.6	195,817	3.4
City of Vancouver	250,952	3.9	283,942	4.9
Hastings Entertainment	197,536	3.1	226,603	3.9
Vancouver Coastal Health	128,182	2.0	123,678	2.1
Investment income	112,471	1.8	19,885	0.3
Gaming revenue	100,000	1.6	100,000	1.7
Fundraising and grants	77,787	1.2	112,397	2.0
BC Housing	72,005	1.1	14,586	0.3
Donations	59,386	0.9	46,679	0.8
Administration fees (Note 15)	54,346	0.8	54,164	0.9
Cedar Cottage Neighbourhood House	22,507	0.4	-	-
Rental income	15,000	0.2	15,000	0.3
Vancouver Foundation	13,000	0.2	50,102	0.9
Kiwassa Endowment Fund	4,119	0.1	3,468	0.1
	<u>6,321,314</u>	<u>98.5</u>	<u>5,645,879</u>	<u>98.1</u>
Less: contributions received for capital purchases	(51,198)	-	(33,685)	-
Add: amortization of deferred contributions related to property and equipment	<u>146,165</u>	<u>1.5</u>	<u>145,801</u>	<u>1.9</u>
	<u><b>6,416,281</b></u>	<u><b>100.0</b></u>	<u><b>5,757,995</b></u>	<u><b>100.0</b></u>
<b>Expenses</b>				
Salaries and benefits (Note 11)	4,454,552	69.4	4,133,221	71.8
Program supplies and expenses	570,692	8.9	525,428	9.1
Professional fees	275,636	4.3	190,975	3.3
Building and equipment	121,971	1.9	172,633	3.0
Janitorial	100,432	1.6	94,463	1.6
Insurance	61,245	1.0	51,056	0.9
Utilities and rent	59,363	0.9	48,672	0.8
Telephone	41,264	0.6	35,088	0.6
Office supplies and printing	25,234	0.4	33,680	0.6
Bank charges	23,530	0.4	20,112	0.3
Volunteer expenses	22,319	0.3	7,042	0.1
Professional development	20,128	0.3	20,149	0.3
Transportation	19,582	0.3	8,407	0.1
Advertising and program development	6,911	0.1	9,376	0.2
Van support	4,028	0.1	8,894	0.2
Organizational dues	42	-	236	-
	<u>5,806,929</u>	<u>90.5</u>	<u>5,359,432</u>	<u>92.9</u>
Amortization of property and equipment	203,692	3.2	188,083	3.3
Write-down (recovery) of receivables (Note 15)	180,123	2.8	-	-
	<u><b>6,190,744</b></u>	<u><b>96.5</b></u>	<u><b>5,547,515</b></u>	<u><b>96.2</b></u>
<b>Excess of revenue over expenses</b>	<u><b>\$ 225,537</b></u>	<u><b>3.5</b></u>	<u><b>210,480</b></u>	<u><b>3.8</b></u>

See accompanying notes and schedules

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2023

	Invested in Capital Assets	Internally Restricted	Unrestricted	2023	2022
Balance, beginning of year	\$ 404,875	2,239,343	35,140	<b>2,679,358</b>	2,468,878
Investment in capital assets	65,211	-	(65,211)	-	-
Excess of revenue over expenses	(57,527)	(3,056)	286,120	<b>225,537</b>	210,480
Internally imposed restrictions (Note 10)	-	235,106	(235,106)	-	-
Transfers to program operations	-	4,706	(4,706)	-	-
Balance, end of year	\$ 412,559	2,476,099	16,237	<b>2,904,895</b>	2,679,358

*See accompanying notes and schedules*

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	2023	2022
<b>ASSETS</b>		
Current		
Cash (Note 5)	\$ 3,235,892	3,107,223
Accounts receivable (Note 5)	371,171	443,880
Prepaid expenses	20,820	13,640
	<u>3,627,883</u>	<u>3,564,743</u>
Tangible capital assets (Note 6)	<u>2,134,868</u>	<u>2,222,153</u>
	<u>\$ 5,762,751</u>	<u>5,786,896</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 617,595	532,531
<b>DEFERRED CONTRIBUTIONS</b>		
Operating (Note 8)	407,812	647,591
Related to capital assets (Note 9)	1,832,449	1,927,416
	<u>2,240,261</u>	<u>2,575,007</u>
<b>NET ASSETS</b>		
Invested in tangible capital assets	412,559	404,875
Internally restricted (Note 10)	2,476,099	2,239,343
Unrestricted	16,237	35,140
	<u>2,904,895</u>	<u>2,679,358</u>
	<u>\$ 5,762,751</u>	<u>5,786,896</u>

See accompanying notes and schedules

Approved on behalf of the board:

DocuSigned by:

Shanthi Besso

A6ADB09BF4234F6

President

DocuSigned by:

Briony Lennig

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Treasurer

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

	2023	2022
<b>CASH PROVIDED BY:</b>		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 225,537	210,480
Non-cash items:		
Amortization - net	57,527	42,282
Write-down (recovery) of receivables	180,123	-
	<b>463,187</b>	<b>252,762</b>
Changes in non-cash working capital:		
Accounts receivable	(107,414)	209,441
Prepaid expenses	(7,178)	4,687
Accounts payable and accrued liabilities	85,064	149,593
Deferred operating contributions	(239,779)	(70,097)
	<b>193,880</b>	<b>546,386</b>
Financing activities		
Deferred contributions related to property and equipment	51,198	33,685
	<b>51,198</b>	<b>33,685</b>
Investing activities		
Acquisition of tangible capital assets	(116,409)	(210,323)
	<b>(116,409)</b>	<b>(210,323)</b>
Change in cash	128,669	369,748
Cash, beginning of year	3,107,223	2,737,475
Cash, end of year	<b>\$ 3,235,892</b>	<b>3,107,223</b>

*See accompanying notes and schedules*



**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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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
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, 2023

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**Note 2      Accounting policies (cont.)**

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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.

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**Note 3      Cash**

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Cash related to deferred contributions is restricted externally for specified purposes. Cash internally restricted have been allocated to specific activities identified by management and the Board of Directors. These funds are not available for general operations. Cash is allocated as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted	\$ 404,308	275,675
Externally restricted	407,813	647,590
Internally restricted	<u>2,423,771</u>	<u>2,183,958</u>
	<u>\$ 3,235,892</u>	<u>3,107,223</u>

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**Note 4      Bank indebtedness**

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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%.

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**Note 5      Accounts receivable**

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	<u>2023</u>	<u>2022</u>
Accounts receivable - programs	\$ 361,659	326,608
Goods and services taxes recoverable	9,512	12,247
Due from Kiwassa Housing Society (Note 15)	180,123	105,025
Allowance for doubtful accounts (Note 15)	<u>(180,123)</u>	<u>-</u>
	<u>\$ 371,171</u>	<u>443,880</u>

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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**Note 6 Tangible capital assets**

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			<u>2023</u>	<u>2022</u>
	Cost	Accumulated amortization	Net book value	Net book value
Building				
Kiwassa Neighbourhood House	\$ 2,808,451	1,297,329	<b>1,511,122</b>	1,545,740
Building - Harbourview Daycare Care	1,091,909	804,498	<b>287,411</b>	361,488
Equipment, furniture and fixtures	671,672	435,485	<b>236,187</b>	192,561
Equipment, furniture and fixtures Harbourview	84,072	84,072	-	-
Computer equipment	197,316	127,855	<b>69,461</b>	95,642
Automotive equipment	23,200	17,739	<b>5,461</b>	9,328
Software	61,235	36,009	<b>25,226</b>	17,394
	<u>\$ 4,937,855</u>	<u>2,802,987</u>	<u><b>2,134,868</b></u>	<u>2,222,153</u>

Included in the cost of building - Kiwassa Neighbourhood House is \$79,866 (2022- \$63,473) of costs related to additions that was in progress. No provision for amortization of this amount has been recorded.

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**Note 7 Accounts payable and accrued liabilities**

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	<u>2023</u>	<u>2022</u>
Accounts payable and payroll liabilities	\$ <b>560,628</b>	423,417
Accrued liabilities	<b>23,630</b>	22,220
Due to government agencies	<b>33,337</b>	86,894
	<u>\$ <b>617,595</b></u>	<u>532,531</u>

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

**Note 8 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	\$ 147,119	361,891	(379,416)	129,594
Survivor of Violence program	147,000	-	(147,000)	-
Children's Program	37,159	-	(37,159)	-
Variety Club Daycare	19,163	-	(19,163)	-
Youth Program	20,745	4,978	(20,745)	4,978
Family Program	32,901	40,294	(32,901)	40,294
Harbourview Daycare	7,416	-	(7,416)	-
Harbourview PAC	7,754	-	-	7,754
Senior Program	25,246	42,645	(25,246)	42,645
Hastings North Literacy Plan	19,611	11,250	(19,611)	11,250
Nobody's Perfect program	23,578	15,367	(23,578)	15,367
Settlement program	-	26,978	-	26,978
Chimo Terrace Youth	19,456	46,570	(19,456)	46,570
Hastings Park Childcare Project	19,290	-	(19,290)	-
Hastings North Community Project	56,108	52,833	(56,108)	52,833
Anti-Racism Project	2,184	2,166	(2,184)	2,166
Early Childhood Pedagogy Network	5	-	(5)	-
Food Program	62,856	27,383	(62,856)	27,383
	<u>\$ 647,591</u>	<u>632,355</u>	<u>(872,134)</u>	<u>407,812</u>

**Note 9 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>2023</u>	<u>2022</u>
Opening balance	\$ 1,927,416	2,039,532
Contributions received	<u>51,198</u>	<u>33,685</u>
	<u>1,978,614</u>	<u>2,073,217</u>
Amounts amortized to revenue	<u>(146,165)</u>	<u>(145,801)</u>
	<u>\$ 1,832,449</u>	<u>1,927,416</u>

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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**Note 10 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>2023</u>	<u>2022</u>
Building and equipment repairs and replacement	\$ 688,315	678,223
Van operations	52,326	55,385
Program operations	1,635,458	1,405,735
Special projects	<u>100,000</u>	<u>100,000</u>
Balance at end of year	<u>\$ 2,476,099</u>	<u>2,239,343</u>

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**Note 11 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 \$368,010 during the year ended March 31, 2023 (2022 - \$306,580).

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**Note 12 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, 2023 the endowment had a fair market value of \$94,385 (2022 - \$97,395).

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**Note 13 Economic dependence**

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The Association is economically dependent on government funding, which represents 65.8% (2022 - 64.9%) of total operating revenue.

# KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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Note 14      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.

**KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**

## NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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**Note 15**      **Controlled entity and related party transactions**

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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>2023</u>	<u>2022</u>
Financial position		
Total assets	<b>\$ 4,730,458</b>	4,969,721
Total liabilities	<b><u>4,304,007</u></b>	<u>4,534,313</u>
Net assets	<b>426,451</b>	435,408
Results of operations		
Revenues	<b>\$ 970,568</b>	963,030
Expenses	<b>979,525</b>	1,035,564
Cash flows		
Operating activities	<b>\$ 367,181</b>	223,688
Investing activities	<b>(121,084)</b>	(1,305)
Financing activities	<b>(187,365)</b>	(299,991)

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.

Administration fees include \$54,346 that was charged to Kiwassa Housing Society (2022 - \$54,164), 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.

Write down of receivables on amounts due from Kiwassa Housing Society is \$180,123 (2022 - \$Nil)

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**Note 16**      **Comparative figures**

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Certain 2022 comparative figures have been reclassified to conform with the method of presentation adopted for the current year.