

**KIWASSA NEIGHBOURHOOD SERVICES
ASSOCIATION**

A Not-For-Profit Organization

FINANCIAL STATEMENTS

March 31, 2024

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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, 2024, 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, 2024 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 13, 2024

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF OPERATIONS

For the year ended March 31, 2024

	2024	%	2023	%
Revenue				
Province of BC	\$ 3,102,718	48.4	2,716,296	42.3
Government of Canada	750,429	11.7	695,464	10.8
User fees	554,933	8.7	1,013,136	15.8
United Way	251,885	3.9	296,409	4.6
Recognition of prior year deferred revenue	278,219	4.3	492,718	7.7
City of Vancouver	299,594	4.7	250,952	3.9
Hastings Entertainment	199,369	3.1	197,536	3.1
Investment income	170,078	2.7	112,471	1.8
Vancouver Coastal Health	176,510	2.8	128,182	2.0
Donations	129,649	2.0	59,386	0.9
Fundraising and grants	102,032	1.6	77,787	1.2
Gaming revenue	115,000	1.8	100,000	1.6
BC Housing	101,785	1.6	72,005	1.1
Administration fees (Note 15)	54,306	0.8	54,346	0.8
Cedar Cottage Neighbourhood House	-	-	22,507	-
Rental income	14,844	0.2	15,000	0.2
Vancouver Foundation	-	-	13,000	0.2
Kiwassa Endowment Fund	4,442	0.1	4,119	0.1
	<u>6,305,793</u>	<u>98.4</u>	<u>6,321,314</u>	<u>98.1</u>
Less: contributions received for capital purchases	(46,944)	-	(51,198)	-
Add: amortization of deferred contributions related to property and equipment	<u>152,638</u>	<u>1.6</u>	<u>146,165</u>	<u>1.9</u>
	<u>6,411,487</u>	<u>100.0</u>	<u>6,416,281</u>	<u>100.0</u>
Expenses				
Salaries and benefits (Note 11)	4,915,034	76.7	4,454,552	69.4
Program supplies and expenses	567,050	8.8	570,692	8.9
Building and equipment	203,690	3.2	121,971	1.9
Professional fees	174,411	2.7	275,636	4.3
Janitorial	123,333	1.9	100,432	1.6
Insurance	69,996	1.1	61,245	1.0
Utilities and rent	58,981	0.9	59,363	0.9
Telephone	44,319	0.7	41,264	0.6
Professional development	33,510	0.5	20,128	0.3
Volunteer expenses	27,953	0.4	22,319	0.3
Office supplies and printing	23,256	0.4	25,234	0.4
Bank charges	16,507	0.3	23,530	0.4
Advertising and program development	14,760	0.2	6,911	0.1
Transportation	13,184	0.2	19,582	0.3
Van support	3,531	0.1	4,028	0.1
Organizational dues	-	-	42	-
	<u>6,289,515</u>	<u>98.1</u>	<u>5,806,929</u>	<u>90.5</u>
Amortization of property and equipment	211,176	3.3	203,692	3.2
Write-down (recovery) of receivables (Note 15)	9,065	0.1	180,123	2.8
	<u>6,509,756</u>	<u>101.5</u>	<u>6,190,744</u>	<u>96.5</u>
Excess of revenue over expenses	<u>\$ (98,269)</u>	<u>(1.5)</u>	<u>225,537</u>	<u>3.5</u>

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2024

	Invested in Capital Assets	Internally Restricted	Unrestricted	2024	2023
Balance, beginning of year	\$ 412,559	2,476,099	16,237	2,904,895	2,679,358
Investment in capital assets	72,887	-	(72,887)	-	-
Excess of revenue over expenses	(58,538)	(3,532)	(36,199)	(98,269)	225,537
Internally imposed restrictions (Note 10)	-	48,221	(48,221)	-	-
Transfers to program operations	-	(99,548)	99,548	-	-
Balance, end of year	\$ 426,908	2,421,240	(41,522)	2,806,626	2,904,895

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

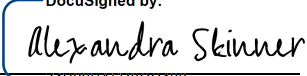
STATEMENT OF FINANCIAL POSITION

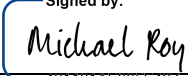
As at March 31, 2024

	2024	2023
ASSETS		
Current		
Cash (Note 3)	\$ 3,917,181	3,235,892
Accounts receivable (Note 5)	436,129	371,171
Prepaid expenses	25,624	20,820
	<u>4,378,934</u>	<u>3,627,883</u>
Tangible capital assets (Note 6)	2,151,727	2,134,868
	<u>\$ 6,530,661</u>	<u>5,762,751</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 1,125,897	617,595
DEFERRED CONTRIBUTIONS		
Operating (Note 8)	763,182	407,812
Related to capital assets (Note 9)	1,834,956	1,832,449
	<u>2,598,138</u>	<u>2,240,261</u>
NET ASSETS		
Invested in tangible capital assets	426,908	412,559
Internally restricted (Note 10)	2,421,240	2,476,099
Unrestricted	(41,522)	16,237
	<u>2,806,626</u>	<u>2,904,895</u>
	<u>\$ 6,530,661</u>	<u>5,762,751</u>

See accompanying notes and schedules

Approved on behalf of the board:

DocuSigned by:

 74B69BAA5D8CC433...
 President

Signed by:

 421161AE805E497...
 Treasurer

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended March 31, 2024

	2024	2023
CASH USED FOR:		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (98,269)	225,537
Non-cash items:		
Amortization - net	58,538	57,527
Write-down (recovery) of receivables	9,065	180,123
	(30,666)	463,187
Changes in non-cash working capital:		
Accounts receivable	(74,023)	(107,414)
Prepaid expenses	(4,807)	(7,178)
Accounts payable and accrued liabilities	508,302	85,064
Deferred operating contributions	355,370	(239,779)
	754,176	193,875
Financing activities		
Deferred contributions related to property and equipment	155,145	51,198
Investing activities		
Acquisition of tangible capital assets	(228,032)	(116,409)
Change in cash	681,289	128,664
Cash, beginning of year	3,235,892	3,107,223
Cash, end of year	\$ 3,917,181	3,235,892

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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. 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. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. Users fees are recognized when the services are rendered

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, 2024

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 Cash

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>2024</u>	<u>2023</u>
Unrestricted	\$ 781,555	404,308
Externally restricted	763,182	407,813
Internally restricted	<u>2,372,444</u>	<u>2,423,771</u>
	<u>\$ 3,917,181</u>	<u>3,235,892</u>

Note 4 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 5 Accounts receivable

	<u>2024</u>	<u>2023</u>
Accounts receivable - programs	\$ 424,814	361,659
Goods and services taxes recoverable	11,315	9,512
Due from Kiwassa Housing Society (Note 15)	189,188	180,123
Allowance for doubtful accounts (Note 15)	<u>(189,188)</u>	<u>(180,123)</u>
	<u>\$ 436,129</u>	<u>371,171</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

Note 6 Tangible capital assets

			<u>2024</u>	<u>2023</u>
	Cost	Accumulated amortization	Net book value	Net book value
Building				
Kiwassa Neighbourhood House	\$ 2,968,869	1,354,266	1,614,603	1,511,122
Building - Harbourview Daycare Care	1,091,909	878,575	213,334	287,411
Equipment, furniture and fixtures	698,387	466,005	232,382	236,187
Equipment, furniture and fixtures Harbourview	84,072	84,072	-	-
Computer equipment	222,020	161,890	60,130	69,461
Automotive equipment	23,200	20,730	2,470	5,461
Hasting Park playground	16,195	-	16,195	-
Software	61,235	48,622	12,613	25,226
	<u>\$ 5,165,887</u>	<u>3,014,160</u>	<u>2,151,727</u>	<u>2,134,868</u>

Included in the cost of building - Kiwassa Neighbourhood House and Hastings Park playground have \$10,250 (2023 - \$79,473) and \$16,195 (2023 - \$nil) of costs related to additions that was in progress. No provision for amortization of this amount has been recorded.

Note 7 Accounts payable and accrued liabilities

	<u>2024</u>	<u>2023</u>
Accounts payable and payroll liabilities	\$ 1,068,923	560,628
Accrued liabilities	24,380	23,630
Due to government agencies	32,594	33,337
	<u>\$ 1,125,897</u>	<u>617,595</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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	\$ 129,594	297,754	(178,892)	248,456
Children's Program	-	78,071	-	78,071
Variety \$10 a day	-	53,953	-	53,953
Youth Program	4,978	-	(4,978)	-
Family Program	40,294	-	(40,294)	-
Harbourview PAC	7,754	63,142	(7,754)	63,142
Senior Program	42,645	64,473	(42,645)	64,473
Hastings North Literacy Plan	11,250	10,301	(11,250)	10,301
Nobody's Perfect program	15,367	22,036	(15,367)	22,036
Settlement program	26,978	-	(26,978)	-
Chimo Terrace Youth	46,570	44,961	(46,570)	44,961
Hastings Park Childcare Project	-	141,462	-	141,462
Hastings North Community Project	52,833	-	(52,833)	-
Anti-Racism Project	2,166	2,166	(4,332)	-
Food Program	27,383	36,327	(27,383)	36,327
	<u>\$ 407,812</u>	<u>814,646</u>	<u>(459,276)</u>	<u>763,182</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>2024</u>	<u>2023</u>
Opening balance	\$ 1,832,449	1,927,416
Contributions received	<u>155,145</u>	<u>51,198</u>
	<u>1,987,594</u>	1,978,614
Amounts amortized to revenue	<u>(152,638)</u>	<u>(146,165)</u>
	<u>\$ 1,834,956</u>	<u>1,832,449</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

Note 10 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>2024</u>	<u>2023</u>
Building and equipment repairs and replacement	\$ 654,167	688,315
Van operations	48,795	52,326
Program operations	1,618,278	1,635,458
Special projects	<u>100,000</u>	<u>100,000</u>
Balance at end of year	<u>\$ 2,421,240</u>	<u>2,476,099</u>

Note 11 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 \$329,681 during the year ended March 31, 2024 (2023 - \$368,010).

Note 12 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, 2024 the endowment had a fair market value of \$99,849 (2023 - \$94,385).

Note 13 Economic dependence

The Association is economically dependent on government funding, which represents 75.3% (2023 - 65.8%) of total operating revenue.

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

Note 14 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.

Liquidity risk

The Association has a liquidity risk in accounts payable and accrued liabilities of \$1,042,264 (2023 - \$617,595). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association reduces its exposure to this risk by ensuring it documents when authorized payments become due and maintains an adequate line of credit to repay vendors. In the opinion of management the liquidity risk exposure to the Association is low.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. 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. In the opinion of management the credit risk exposure to the Association is low

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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

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>2024</u>	<u>2023</u>
Financial position		
Total assets	\$ 4,252,984	4,734,030
Total liabilities	<u>3,931,154</u>	<u>4,307,579</u>
Net assets	321,830	426,451
Results of operations		
Revenues	\$ 1,037,103	970,568
Expenses	1,138,734	979,525
Cash flows		
Operating activities	\$ 191,727	370,753
Investing activities	1,565	(121,084)
Financing activities	(314,400)	(187,365)

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 (2023 - \$54,346). 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 \$9,065 (2023 - \$180,123)

Note 16 **Comparative figures**

Certain 2023 comparative figures have been reclassified to conform with the method of presentation adopted for the current year.