

**KIWASSA NEIGHBOURHOOD SERVICES
ASSOCIATION**

A Not-For-Profit Organization

FINANCIAL STATEMENTS

March 31, 2025

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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, 2025, 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, 2025 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 19, 2025

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**STATEMENT OF OPERATIONS**

For the year ended March 31, 2025

	2025	%	2024	%
Revenue				
Province of BC	\$ 3,869,176	53.8	3,102,718	48.4
Government of Canada	930,074	12.9	750,429	11.7
User fees	557,552	7.8	554,933	8.7
United Way	353,567	4.9	251,885	3.9
Recognition of prior year deferred revenue	323,665	4.5	278,219	4.3
City of Vancouver	294,692	4.1	299,594	4.7
Hastings Entertainment	204,660	2.8	199,369	3.1
Vancouver Coastal Health	183,048	2.5	176,510	2.8
Investment income	140,438	2.0	170,078	2.7
Fundraising and grants	118,263	1.6	102,032	1.6
Donations	82,036	1.1	129,649	2.0
Administration fees (Note 15)	54,297	0.8	54,306	0.8
BC Housing	35,407	0.5	101,785	1.6
Cedar Cottage Neighbourhood House	34,483	0.5	-	-
Rental income	6,228	0.1	14,844	0.2
Kiwassa Endowment Fund	4,693	0.1	4,442	0.1
Gaming revenue	-	-	115,000	1.8
	<u>7,192,279</u>	<u>100.0</u>	<u>6,305,793</u>	<u>98.4</u>
Less: contributions received for capital purchases	(163,250)	-	(46,944)	-
Add: amortization of deferred contributions related to property and equipment	<u>161,095</u>	<u>-</u>	<u>152,638</u>	<u>1.6</u>
	<u>7,190,124</u>	<u>100.0</u>	<u>6,411,487</u>	<u>100.0</u>
Expenses				
Salaries and benefits (Note 11)	5,722,013	79.6	4,915,034	76.7
Program supplies and expenses	599,287	8.3	567,050	8.8
Professional fees	405,154	5.6	174,411	2.7
Building and equipment	186,957	2.6	203,690	3.2
Janitorial	137,015	1.9	123,333	1.9
Bank charges	68,922	1.0	16,507	0.3
Professional development	66,079	0.9	33,510	0.5
Insurance	62,802	0.9	69,996	1.1
Utilities and rent	58,276	0.8	58,981	0.9
Telephone	49,776	0.7	44,319	0.7
Volunteer expenses	45,689	0.6	27,953	0.4
Office supplies and printing	27,817	0.4	23,256	0.4
Advertising and program development	24,821	0.3	14,760	0.2
Transportation	18,727	0.3	13,184	0.2
Van support	-	-	3,531	0.1
	<u>7,473,335</u>	<u>103.9</u>	<u>6,289,515</u>	<u>98.1</u>
Amortization of property and equipment	230,251	3.2	211,176	3.3
Write-down (recovery) of receivables (Note 15)	<u>17,229</u>	<u>0.2</u>	<u>9,065</u>	<u>0.1</u>
	<u>7,720,815</u>	<u>107.3</u>	<u>6,509,756</u>	<u>101.5</u>
Excess of revenue over expenses	\$ (530,691)	(7.3)	(98,269)	(1.5)

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2025

	Invested in Capital Assets	Internally Restricted	Unrestricted	2025	2024
Balance, beginning of year	\$ 426,908	2,421,240	(41,522)	2,806,626	2,904,895
Investment in capital assets	74,719	-	(74,719)	-	-
Excess of revenue over expenses	(69,156)	-	(461,535)	(530,691)	(98,269)
Internally imposed restrictions (Note 10)	-	150,064	(150,064)	-	-
Transfers to program operations	-	(535,363)	535,363	-	-
Balance, end of year	\$ 432,471	2,035,941	(192,477)	2,275,935	2,806,626

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**STATEMENT OF FINANCIAL POSITION**

As at March 31, 2025

	2025	2024
ASSETS		
Current		
Cash (Note 3)	\$ 3,355,683	3,917,181
Accounts receivable (Note 5)	682,831	436,129
Prepaid expenses	51,464	25,624
	<u>4,089,978</u>	<u>4,378,934</u>
Tangible capital assets (Note 6)	2,159,444	2,151,727
	<u>\$ 6,249,422</u>	<u>6,530,661</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 1,342,326	1,125,897
DEFERRED CONTRIBUTIONS		
Operating (Note 8)	794,050	763,182
Related to capital assets (Note 9)	1,837,111	1,834,956
	<u>2,631,161</u>	<u>2,598,138</u>
NET ASSETS		
Invested in tangible capital assets	432,471	426,908
Internally restricted (Note 10)	2,035,941	2,421,240
Unrestricted	(192,477)	(41,522)
	<u>2,275,935</u>	<u>2,806,626</u>
	<u>\$ 6,249,422</u>	<u>6,530,661</u>

See accompanying notes and schedules

Approved on behalf of the board:

Signed by:

Alexandra Skinner

88B820BC9CB54CD...
President

Signed by:

[Signature]

0C07601EFC32451...
Treasurer

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**STATEMENT OF CASH FLOWS**

For the year ended March 31, 2025

	2025	2024
CASH USED FOR:		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (530,691)	(98,269)
Non-cash items:		
Amortization - net	69,156	58,538
Write-down (recovery) of receivables	17,229	9,065
	(444,306)	(30,666)
Changes in non-cash working capital:		
Accounts receivable	(263,931)	(74,023)
Prepaid expenses	(25,839)	(4,807)
Accounts payable and accrued liabilities	216,429	508,302
Deferred operating contributions	30,868	355,370
	(486,779)	754,176
Financing activities		
Deferred contributions related to property and equipment	163,250	155,145
Investing activities		
Acquisition of tangible capital assets	(237,969)	(228,032)
Change in cash	(561,498)	681,289
Cash, beginning of year	3,917,181	3,235,892
Cash, end of year	\$ 3,355,683	3,917,181

See accompanying notes and schedules

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

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, 2025

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.

Allocation of expenses

The Association incurs administration expenses that are common to its programs, which includes information technology, salary and benefits, human resource, and others. The Association allocates administration expenses to its programs based on activity, cost or revenue drivers such as gross funding received. Total administration expenses allocated to programs are \$747,625 (2024 - \$708,096).

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>2025</u>	<u>2024</u>
Unrestricted	\$ 574,487	781,555
Externally restricted	794,050	763,182
Internally restricted	<u>1,987,146</u>	<u>2,372,444</u>
	<u>\$ 3,355,683</u>	<u>3,917,181</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>2025</u>	<u>2024</u>
Accounts receivable - programs	\$ 666,828	424,814
Goods and services taxes recoverable	16,003	11,315
Due from Kiwassa Housing Society (Note 15)	206,417	189,188
Allowance for doubtful accounts (Note 15)	<u>(206,417)</u>	<u>(189,188)</u>
	<u>\$ 682,831</u>	<u>436,129</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

Note 6 Tangible capital assets

			<u>2025</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Building				
Kiwassa Neighbourhood House	\$ 3,016,701	1,413,495	1,603,206	1,614,603
Building - Harbourview Daycare	1,117,016	953,950	163,066	213,334
Care				
Equipment, furniture and fixtures	741,590	503,353	238,237	232,382
Equipment, furniture and fixtures				
Harbourview	84,072	84,072	-	-
Computer equipment	287,938	201,045	86,893	60,130
Automotive equipment	23,200	22,847	353	2,470
Hasting Park playground	72,104	4,415	67,689	16,195
Software	61,235	61,235	-	12,613
	<u>\$ 5,403,856</u>	<u>3,244,412</u>	<u>2,159,444</u>	<u>2,151,727</u>

Included in the cost of building - Kiwassa Neighbourhood House and Hastings Park playground have \$47,831 (2024 - \$10,250) and \$nil (2024 -\$16,195) 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>2025</u>	<u>2024</u>
Accounts payable and payroll liabilities	\$ 1,288,441	1,068,923
Accrued liabilities	24,455	24,380
Due to government agencies	<u>29,430</u>	<u>32,594</u>
	<u>\$ 1,342,326</u>	<u>1,125,897</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION**NOTES TO FINANCIAL STATEMENTS**

March 31, 2025

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	\$ 248,456	514,357	(298,456)	464,357
Children's Program	78,071	-	(78,071)	-
Variety \$10 a day	53,953	39,119	(53,953)	39,119
Harbourview PAC	63,142	6,871	(63,142)	6,871
Senior Program	64,473	12,950	(64,473)	12,950
Hastings North Literacy Plan	10,301	-	(10,301)	-
Nobody's Perfect program	22,036	31,182	(22,036)	31,182
Longhouse Out of School Program	-	10,301	-	10,301
Chimo Terrace Youth	44,961	-	(44,961)	-
Hastings Park Childcare Project	141,462	50,914	-	192,376
Food Program	<u>36,327</u>	<u>36,894</u>	<u>(36,327)</u>	<u>36,894</u>
	<u>\$ 763,182</u>	<u>702,588</u>	<u>(671,720)</u>	<u>794,050</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>2025</u>	<u>2024</u>
Opening balance	\$ 1,834,956	1,832,449
Contributions received	<u>163,250</u>	<u>155,145</u>
	1,998,206	1,987,594
Amounts amortized to revenue	<u>(161,095)</u>	<u>(152,638)</u>
	<u>\$ 1,837,111</u>	<u>1,834,956</u>

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>2025</u>	<u>2024</u>
Building and equipment repairs and replacement	\$ 654,167	654,167
Van operations	<u>48,795</u>	<u>48,795</u>
Program operations	1,232,979	1,618,278
Special projects	<u>100,000</u>	<u>100,000</u>
Balance at end of year	<u>\$ 2,035,941</u>	<u>2,421,240</u>

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

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 to 6 employees (2024 - 3 employees) in the aggregate amount of \$616,545 during the year ended March 31, 2025 (2024 - \$329,681).

The Association paid a total termination benefit of \$77,383 to 3 employees (2024 - nil) during the year.

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, 2025 the endowment had a fair market value of \$102,729 (2024 - \$99,849).

Note 13 Economic dependence

The Association is economically dependent on government funding, which represents 76.7% (2024 - 75.3%) of total operating revenue.

KIWASSA NEIGHBOURHOOD SERVICES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2025

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 \$1,342,326 (2024 - \$1,125,897). 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 and 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, 2025

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>2025</u>	<u>2024</u>
Financial position		
Total assets	\$ 3,870,828	4,254,320
Total liabilities	<u>3,603,577</u>	<u>3,925,767</u>
Net assets	267,251	328,553
Results of operations		
Revenues	\$ 1,006,827	1,037,103
Expenses	1,068,129	1,135,001
Cash flows		
Operating activities	\$ 440,480	191,729
Investing activities	(46,200)	1,563
Financing activities	(321,925)	(314,400)

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 (2024 - \$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 \$17,229 (2024 - \$9,065).

Note 16 Subsequent event

Subsequent to the year end, the Association has a termination benefit payable to a former employee of \$111,932.

Note 17 Comparative figures

Certain 2024 comparative figures have been reclassified to conform with the method of presentation adopted for the current year.