

Financial Statements of

**BURNSIDE GORGE COMMUNITY
ASSOCIATION**

And Independent Auditor's Report thereon

Year ended August 31, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Burnside Gorge Community Association

Opinion

We have audited the financial statements of Burnside Gorge Community Association (the Entity), which comprise:

- the statement of financial position as at August 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at August 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditors’ report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.



Burnside Gorge Community Association

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- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.
- 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 Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Burnside Gorge Community Association in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada
December 12, 2023

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

August 31, 2023, with comparative information for 2022

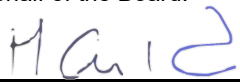

	General Fund	Capital Fund	2023	2022
(Schedule 2)				
Assets				
Current assets:				
Cash and cash equivalents (note 6)	\$ 1,627,696	\$ -	\$ 1,627,696	\$ 1,865,362
Short-term investments (note 2)	612,924	-	612,924	329,212
Accounts receivable	122,783	-	122,783	59,035
Prepaid expenses	18,050	-	18,050	15,608
	<u>2,381,453</u>	<u>-</u>	<u>2,381,453</u>	<u>2,269,217</u>
Long-term investments (note 3)	220,000	-	220,000	-
Capital assets (note 4)	-	171,753	171,753	147,570
	<u>\$ 2,601,453</u>	<u>\$ 171,753</u>	<u>\$ 2,773,206</u>	<u>\$ 2,416,787</u>

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities (note 5)	\$ 171,689	\$ -	\$ 171,689	\$ 186,592
Deferred contributions (note 6)	1,048,102	-	1,048,102	985,488
Deferred capital contributions (note 7)	-	69,330	69,330	93,934
Fund balances:				
Unrestricted	1,092,578	-	1,092,578	790,307
Internally restricted (note 8)	289,084	-	289,084	306,830
Invested in capital assets	-	102,423	102,423	53,636
	<u>1,381,662</u>	<u>102,423</u>	<u>1,484,085</u>	<u>1,150,773</u>
Commitments (note 9)				
	<u>\$ 2,601,453</u>	<u>\$ 171,753</u>	<u>\$ 2,773,206</u>	<u>\$ 2,416,787</u>

See accompanying notes to financial statements.

On behalf of the Board:


Director

Director

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Fund Balances

Year ended August 31, 2023, with comparative information for 2022

	General Fund	Capital Fund	2023	2022
				(Schedule 3)
Revenue:				
Grants and contracts (Schedule 1)	\$ 1,990,179	\$ -	\$ 1,990,179	\$ 1,957,350
Programs (Schedule 1)	657,027	-	657,027	620,994
Other (Schedule 1)	119,697	16,474	136,171	125,549
Thrift store	99,484	-	99,484	4,765
Donations	51,194	-	51,194	40,708
	2,917,581	16,474	2,934,055	2,749,366
Expenses:				
Salaries and benefits	1,801,600	-	1,801,600	1,641,953
Program expenditures	349,644	-	349,644	413,223
Rental supplements	143,814	-	143,814	202,874
Rent, maintenance and security	144,835	-	144,835	100,601
Office and general	113,130	-	113,130	92,221
Bursaries	1,500	-	1,500	2,000
Instructor fees	9,970	-	9,970	5,034
Amortization	-	36,250	36,250	24,868
	2,564,493	36,250	2,600,743	2,482,774
Excess (deficiency) of revenue over expenses	353,088	(19,776)	333,312	266,592
Interfund transfer for purchase of capital assets	(59,075)	59,075	-	-
Fund balances, beginning of year	1,087,649	63,124	1,150,773	884,181
Fund balances, end of year	\$ 1,381,662	\$ 102,423	\$ 1,484,085	\$ 1,150,773

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Cash flows from operating activities:		
Cash received from grants, programs, contracts and other	\$ 2,871,071	\$ 2,783,349
Interest income	29,398	8,177
	<u>2,900,469</u>	<u>2,791,526</u>
Cash paid for:		
Salaries and benefits	(1,799,199)	(1,633,650)
Program supplies	(369,389)	(362,137)
Other services	(413,249)	(402,730)
	<u>(2,581,837)</u>	<u>(2,398,517)</u>
	318,632	393,009
Cash flows from investing activities:		
Purchase of capital assets	(59,075)	(63,771)
Contributions used for the purchase of capital assets	(1,358)	(8,204)
Purchase of investments, net	(495,865)	-
	<u>(556,298)</u>	<u>(71,975)</u>
Increase (decrease) in cash and cash equivalents	(237,666)	321,034
Cash and cash equivalents, beginning of year	1,865,362	1,544,328
Cash and cash equivalents, end of year	<u>\$ 1,627,696</u>	<u>\$ 1,865,362</u>

See accompanying notes to financial statements.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2023

Burnside Gorge Community Association (the "Association") is incorporated under the Society Act (British Columbia). On November 28, 2016, the new Societies Act (British Columbia) became effective and the Association has transitioned to the new act. The Association's purpose is to lead, promote and support prevention and intervention based initiatives which encourage healthy, inclusive, and socially just living. This is accomplished through:

- Engaging and consulting with our communities concerning issues and developments important to our residents and businesses.
- Providing a continuum of high quality programs and supports that strengthen the lives of children, youth and families in Greater Victoria.
- Establishing, promoting and operating facilities that provide public amenities to benefit the community.
- Cultivating community connections and a sense of community pride through celebrations and initiatives.
- Advocating in the best interest of our community and ensuring a representative voice for all of those we serve.
- Fostering work place practices that support employees and strengthen our efforts to be a model employer.
- Supporting the provision of housing for low and moderate income households.

1. Significant accounting policies:

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Association, such resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified.

Revenue and expenses related to program delivery and administrative activities are reported in the General Fund.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Association's capital assets.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions:

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are not transferred to unamortized deferred capital contributions or recognized as revenue, but are recorded as a direct increase in fund balance in the period the asset is acquired. Capital donations of depreciable assets are recorded at fair value when a fair value can be reasonably estimated.

(c) Capital assets:

Capital assets are recorded at cost other than donated assets, which are recorded at their estimated fair market value upon receipt.

The following assets are amortized on a straight-line basis over their estimated useful life.

Asset	Rate
Vehicle	10 years
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	remaining lease term

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(d) Contributed materials and services:

Donated materials and services are recognized in the financial statements when a fair value can be reasonably established, when the materials and services are used in the normal course of operations and would otherwise have been purchased. A number of people donate time and expertise to the Association across its operations. As no objective basis exists to record and assign fair values to such contributions the value of this time has not been reflected in these financial statements.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. An area requiring the use of management's estimates and assumptions relates to the estimation of useful lives for the amortization of capital assets. Actual results could differ from estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(g) Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

2. Short-term investments:

Short-term investments consist of two term deposits and accrued interest. The non-redeemable deposit of \$102,695 matures on May 30, 2024 and bears an annual interest rate of 4.85%. The redeemable deposit of \$500,000 matures on May 30, 2024 and bears an annual interest rate of 4.5%.

3. Long-term investments:

Long-term investments consists of one escalating term deposit. The deposit of \$220,000 matures on March 12, 2026 and bears interest at an effective interest rate of 3%, 3.15% and 5% in years one, two and three respectively.

4. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Vehicle	\$ 146,235	\$ 94,319	\$ 51,916	\$ 59,802
Computer equipment	144,736	115,563	29,173	7,482
Furniture and equipment	349,108	300,017	49,091	39,022
Leasehold improvements	129,593	88,020	41,573	41,264
	<u>\$ 769,672</u>	<u>\$ 597,919</u>	<u>\$ 171,753</u>	<u>\$ 147,570</u>

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$33,167 (2022 - \$35,210) which includes amounts payable for worker's safety insurance and payroll related remittances.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

6. Deferred contributions:

(a) Deferred contributions:

Deferred contributions relate to restricted operating funding received in the current year or prior years that are related to future years.

The changes for the year are as follows:

	2023	2022
Balance opening	\$ 985,488	\$ 930,526
Received related to future years:		
Government grants	257,505	223,603
Grants - foundations/organizations	790,597	761,885
Amounts recognized as revenue in the year:		
Government grants	(224,871)	(270,103)
Grants - foundations/organizations	(760,617)	(660,423)
Balance closing	\$ 1,048,102	\$ 985,488

(b) Gaming grants:

Included in deferred contributions are gaming grants received from the provincial government. There are restrictions over the use and maintenance of these funds. Deferred gaming grants included in deferred contributions are as follows:

	2023	2022
Opening deferred gaming grants	\$ 94,300	\$ 94,300
Amounts received during the year	99,300	94,300
Amounts recognized as revenue	(102,430)	(99,723)
Transferred from deferred capital contributions	8,130	5,423
Ending deferred gaming grants	\$ 99,300	\$ 94,300

Deferred gaming funds of \$99,300 (2022 - \$94,300) are held as restricted cash.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

7. Deferred capital contributions:

Deferred capital contributions include unspent and unamortized portions of capital contributions.

The changes for the year are as follows:

	2023	2022
Balance opening	\$ 93,934	\$ 112,443
Amounts transferred to deferred contributions	(8,130)	(5,423)
Restricted contributions received	-	2,890
Amounts recognized as revenue	(16,474)	(15,976)
Balance closing	\$ 69,330	\$ 93,934

Unexpended deferred gaming contributions in 2023 total \$nil (2022 - \$9,488).

8. Transfer to internally restricted:

During the 2013 fiscal year the Board approved the transfer of \$220,000 of unrestricted funds to an internally restricted reserve to be used only in the event of a complete shut down of the Association to cover the costs of shutting down.

During the 2021 fiscal year the Board approved the transfer of \$180,000 of unrestricted funds to an internally restricted reserve for the purpose of supporting start-up costs for new child care centres and a thrift store. During fiscal 2022 the Board utilized \$93,170 of the internally restricted reserve for start-up costs related to the thrift store. During fiscal 2023, the Board utilized \$17,746 of the internally restricted costs for day care start up costs.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

9. Commitments:

The Association is required to contribute \$35,675 plus an amount equal to the increase, over the previous 12 months, in the Consumer Price Index, annually to the City of Victoria towards maintenance and upkeep of its rental premises under its operating agreement with the City of Victoria.

The Association is committed to minimum annual lease payments under an operating lease for its thrift shop as follows:

2024	\$	34,521
2025		35,803
2026		37,193
2027		28,856
	\$	136,373

10. Financial instruments:

It is management's opinion that the Association is not exposed to significant interest or currency risks arising from financial instruments.

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash, short-term investments and accounts receivable the Association's credit risk is limited to the carrying value on the balance sheet.

The Association manages the risk associated with the concentration of credit risk through its policy of dealing with high credit quality financial institutions.

There has been no change in the risk exposures from 2022.

11. Remuneration of directors, employees and contractors:

For the fiscal year ending August 31, 2023, the Association paid remuneration of \$87,000 (2022 - \$86,825) to one employee, who received total annual remuneration of \$75,000 or greater. No remuneration was paid to a Board Director and no remuneration of \$75,000 or greater was paid to any contractor.

BURNSIDE GORGE COMMUNITY ASSOCIATION

Schedule of Revenue

Schedule 1

Year ended August 31, 2023, with comparative information for 2022

	General Fund	Capital Fund	2023	2022
Grants and contracts:				
Ministry of Children and Family Development	\$ 521,802	\$ -	\$ 521,802	\$ 460,503
School District #61	348,972	-	348,972	374,485
BC Housing	348,587	-	348,587	411,438
Community gaming	102,430	-	102,430	99,723
Anonymous donation	50,000	-	50,000	45,833
City of Victoria	217,849	-	217,849	208,369
Public Health Agency of Canada - Community Action Program	19,695	-	19,695	20,614
Other	287,374	-	287,374	239,621
Victoria Foundation	22,850	-	22,850	21,538
United Way	36,050	-	36,050	67,101
BC Housing HPP Outreach	16,513	-	16,513	-
BC Housing Emergency Shelter	2,550	-	2,550	8,125
Human Resources Development Canada	15,507	-	15,507	-
	1,990,179	-	1,990,179	1,957,350
Programs:				
Childcare	615,766	-	615,766	585,200
Community recreation and education	41,261	-	41,261	35,794
	657,027	-	657,027	620,994
Other:				
Rental income	47,227	-	47,227	54,512
Interest and investment income	37,246	-	37,246	8,003
Sundry	26,766	-	26,766	38,156
Special events	8,458	-	8,458	8,902
Amortization of deferred capital contributions	-	16,474	16,474	15,976
	119,697	16,474	136,171	125,549
	\$ 2,766,903	\$ 16,474	\$ 2,783,377	\$ 2,703,893

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Financial Position

Schedule 2

August 31, 2022

	General Fund	Capital Fund	2022
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,865,362	\$ -	\$ 1,865,362
Short-term investments (note 2)	329,212	-	329,212
Accounts receivable	59,035	-	59,035
Prepaid expenses	15,608	-	15,608
Interfund receivable (payable)	(9,488)	9,488	-
	2,259,729	9,488	2,269,217
Capital assets (note 4)	-	147,570	147,570
	\$ 2,259,729	\$ 157,058	\$ 2,416,787

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities (note 5)	\$ 186,592	\$ -	\$ 186,592
Deferred contributions (note 6)	985,488	-	985,488
Deferred capital contributions (note 7)	-	93,934	93,934
Fund balances:			
Unrestricted	780,819	9,488	790,307
Internally restricted	306,830	-	306,830
Invested in capital assets	-	53,636	53,636
	1,087,649	63,124	1,150,773
Commitments (note 9)			
	\$ 2,259,729	\$ 157,058	\$ 2,416,787

BURNSIDE GORGE COMMUNITY ASSOCIATION

Statement of Operations and Fund Balances

Schedule 3

Year ended August 31, 2022

	General Fund	Capital Fund	2022
Revenue:			
Grants and contracts	\$ 1,957,350	\$ -	\$ 1,957,350
Programs	620,994	-	620,994
Other	109,573	15,976	125,549
Thrift store	4,765	-	4,765
Donations	40,708	-	40,708
	<u>2,733,390</u>	<u>15,976</u>	<u>2,749,366</u>
Expenses:			
Salaries and benefits	1,641,953	-	1,641,953
Program expenditures	413,223	-	413,223
Rental supplements	202,874	-	202,874
Rent, maintenance and security	100,601	-	100,601
Office and general	92,221	-	92,221
Bursaries	2,000	-	2,000
Instructor fees	5,034	-	5,034
Amortization	-	24,868	24,868
	<u>2,457,906</u>	<u>24,868</u>	<u>2,482,774</u>
Excess (deficiency) of revenue over expenses	275,484	(8,892)	266,592
Interfund transfer for purchase of capital assets	(63,771)	63,771	-
Fund balances, beginning of year	875,936	8,245	884,181
Fund balances, end of year	\$ 1,087,649	\$ 63,124	\$ 1,150,773