

FINANCIAL STATEMENTS

**HASTINGS COMMUNITY
ASSOCIATION**

December 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
Hastings Community Association

Opinion

We have audited the financial statements of Hastings Community Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and the results of its 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 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 audit 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 Association'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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

- 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Association 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 British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
May 26, 2021

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash	405,851	469,009
Short-term investments [note 5(i)]	1,261,928	1,269,432
Accounts receivable [note 4]	151,865	144,873
Prepaid expenses	770	7,333
Total current assets	1,820,414	1,890,647
Long-term investments [note 5(ii)]	300,000	300,000
Capital assets [note 6]	48,076	76,089
	2,168,490	2,266,736
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 7]	116,563	199,536
Deferred revenue - programs and grants [note 8]	143,359	172,049
Total current liabilities	259,922	371,585
Restricted parking revenue [note 9]	830,359	830,359
Deferred contributions related to capital assets [note 10]	2,359	4,384
Total liabilities	1,092,640	1,206,328
Net assets		
Invested in capital assets [note 11]	45,717	71,705
Internally restricted [note 11]	450,000	287,299
Unrestricted	580,133	701,404
Total net assets	1,075,850	1,060,408
	2,168,490	2,266,736

Joint operating agreement [note 15]
 COVID-19 [note 16]

See accompanying notes to the financial statements

On behalf of the Board:

Jukka Vuorma
 Director

Curtis Rowe
 Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Invested in Capital Assets \$	Internally Restricted \$	Un - restricted \$	Total Net Assets \$
2020		<i>[note 11]</i>		
Balance, beginning of year	71,705	287,299	701,404	1,060,408
Revenue over (under) expenses	(29,079)	—	44,521	15,442
Investment in capital assets	3,091	—	(3,091)	—
Interfund transfers	—	162,701	(162,701)	—
Balance, end of year	45,717	450,000	580,133	1,075,850
2019				
Balance, beginning of year	80,366	287,299	562,256	929,921
Revenue over (under) expenses	(35,156)	—	165,643	130,487
Investment in capital assets	26,495	—	(26,495)	—
Balance, end of year	71,705	287,299	701,404	1,060,408

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2020	2019
	\$	\$
Program revenue [schedule 1]	530,961	1,406,073
Direct program expenses [schedule 1]	505,799	1,126,798
	25,162	279,275
Other revenue		
Amortization of deferred contributions related to capital assets [note 10]	2,025	2,025
Donations	1,522	339
Grants	28,137	22,362
Interest	32,432	30,033
Parking	531	105,405
Rentals	15,075	59,151
Special events and sundry	11,223	8,430
Vending	1,168	2,298
Wage subsidy - government assistance [note 16]	139,625	—
	231,738	230,043
Total net revenue	256,900	509,318
Other expenses		
Amortization of capital assets	31,104	37,181
Brochure and advertising	9,610	13,326
Grant expenses - wages and contractors	23,636	32,634
- supplies and other	4,083	1,226
Other [schedule 2]	158,968	222,443
Parking	631	26,353
Rentals [note 14]	9,070	24,890
Special events and sundry	4,356	20,778
	241,458	378,831
Revenue over expenses for the year	15,442	130,487

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenses for the year	15,442	130,487
Items not affecting cash		
Amortization of capital assets	31,104	37,181
Amortization of deferred contributions related to capital assets	(2,025)	(2,025)
Changes in non-cash working capital items		
Accounts receivable	(6,992)	(32,556)
Prepaid expenses	6,563	(653)
Accounts payable and accruals	(82,973)	12,734
Deferred revenue	(28,690)	8,575
Cash provided by (used in) operating activities	(67,571)	153,743
INVESTING ACTIVITIES		
Acquisition of capital assets	(3,091)	(26,495)
Acquisition and sale of short-term investments (net)	7,504	(529,475)
Acquisition and sale of long-term investments (net)	—	(28,895)
Restricted parking revenue	—	11,943
Cash provided by (used in) investing activities	4,413	(572,922)
Decrease in cash during the year	(63,158)	(419,179)
Cash, beginning of year	469,009	888,188
Cash, end of year	405,851	469,009

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. PURPOSE OF THE ASSOCIATION

Hastings Community Association (the "Association"), incorporated under the British Columbia Societies Act, is a not-for-profit organization and a registered charity. The Association is exempt from income taxes. The objectives of the Association are to promote and provide education, recreational, athletic and social facilities, equipment and programming for the use and benefit of the community. The Association carries out these objectives through the operation of the Hastings Community Centre pursuant to a Joint Operating Agreement ("JOA") with the City of Vancouver Board of Parks and Recreation ("Park Board") (see note 2).

2. GOVERNANCE AND OPERATIONS

The Association signed a new JOA effective January 1, 2018 [note 15].

Use of the Hastings Community Centre and Templeton Park Pool premises as well as the providing of certain operating expenses, such as various staffing costs, are provided to the Association pursuant to a joint operating agreement with the Park Board. The value of the use of the facilities as well as these additional operating expenses has not been reflected in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates include the estimated useful lives of capital assets. Actual results could differ from these estimates.

Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (COT'D)

Revenue Recognition (cont'd)

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.

Preschool and out of school care fee revenue is recognized in the month to which the services relate based on enrollment rates.

Program revenue is recognized over the period the related program operates.

Rental revenue is recognized on the date the space is rented or over the period the space is rented out, if applicable.

Interest income is recognized as revenue in accordance with the terms of the underlying investment, which is generally with the passage of time.

Unrestricted donations are recognized as income as they are received. Restricted donations are recognized when the related expense is incurred.

Annual net revenues earned from restricted parking revenues *[note 9]* are credited to a liability account and when approved capital expenditures are incurred, the amounts are transferred to deferred contributions related to capital assets.

Canadian Emergency Wage Subsidies are recognized as income when the Association meets the conditions of the program and when the Association is reasonably assured of collection of the respective claims.

Revenue from all other sources is recognized when the respective program or service is provided.

Contributed Services

Volunteers contribute their time to assist the 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.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES (COT'D)

Measurement of Financial Instruments (cont'd)

Financial assets measured at amortized cost include cash, accounts receivable, guaranteed investment certificates, and term deposits.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Capital Assets

Capital assets are recorded at cost, less accumulated amortization. Amortization of furniture and equipment is recorded on a straight-line basis at a rate of 20% per year.

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Trade and grants	68,366	121,091
Government receivable - Wage subsidy	62,269	—
- GST	419	—
Interest	20,811	23,782
	151,865	144,873
Allowance for doubtful accounts	—	—
	151,865	144,873

5. INVESTMENTS

i) Short-term investments consist of the following:

	2020	2019
	\$	\$
Guaranteed investment certificates	1,058,519	969,432
Term deposits	203,409	300,000
	1,261,928	1,269,432

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

5. INVESTMENTS (CONT'D)

The short-term investments have interest rates varying from 0.8% to 2.55% and maturity dates varying from January 2021 to June 2021.

ii) Long-term investments consist of the following:

	2020	2019
	\$	\$
Guaranteed investment certificates	—	—
Term deposit	300,000	300,000
	300,000	300,000

The long term investments have interest rates varying from 2.0% to 2.5% and a maturity date of November 2022.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2020			
Furniture and equipment	176,511	128,435	48,076
2019			
Furniture and equipment	224,890	148,801	76,089

7. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
	\$	\$
Trade and accruals	39,591	97,643
Park Board	45,289	49,227
Government remittances - GST	—	1,079
- payroll	—	9,828
- WorkSafeBC	683	1,759
Other estimated government remittances	31,000	40,000
	116,563	199,536

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

8. DEFERRED REVENUE - PROGRAMS AND GRANTS

	2020	2019
	\$	\$
Programs - pre-registration	32,623	70,272
Grants and fundraising	100,500	51,436
Fitness centre passes	—	24,579
Preschool deposits	8,981	12,920
Out of school care deposits	1,255	12,382
Rentals	—	460
	143,359	172,049

9. RESTRICTED PARKING REVENUE

Pursuant to an agreement with the Park Board, net revenue from the operation of certain of the Association's parking lots are restricted for expenditure on capital projects in the Hastings area. As the Association can not spend these amounts without approval of the Park Board, these net revenues are recorded as restricted parking revenue (a liability).

	2020	2019
	\$	\$
Balance, beginning of year	830,359	818,416
Add: Annual net parking revenue	—	11,943
Balance, end of year	830,359	830,359

10. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized balance of contributed capital assets and restricted contributions with which capital assets were acquired. The contributions are amortized to revenue as the related assets are amortized. The balance is as follows:

	2020	2019
	\$	\$
Balance, beginning of year	4,384	6,409
Add: Purchased capital assets	—	—
Less: Amounts amortized to revenue	(2,025)	(2,025)
Balance, end of year	2,359	4,384

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

11. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT

The Association has internally restricted its net assets for the following purposes:

	2020	2019
	\$	\$
Preschool equipment renovation	—	299
Capital purchases and operating contingency fund	—	287,000
Operating contingency fund	450,000	—
	450,000	287,299

During the year, the Association unrestricted the Preschool equipment renovation fund of \$299 and the Capital purchases and operating contingency fund of \$287,000. Also during the year, the Association internally restricted \$450,000 to an Operating contingency fund.

Invested in Tangible Capital Assets

The Association has internally restricted an amount equal to the net assets invested in tangible capital assets in the amount of \$45,717 [2019 - \$71,705].

Preschool Equipment Renovation

The Association has internally restricted \$Nil [2019 - \$299] to be used for expenditure on preschool equipment renovation.

Capital Purchases and Operating Contingency Fund

The Association has internally restrict funds of \$Nil [2019 - \$287,000] as a contingency reserve. The contingency reserve would cover unforeseen expenses, such as expenses incurred upon the Association ceasing operations.

Operating Contingency Fund

The Association has internally restrict funds of \$450,000 [2019 - \$Nil] as a contingency reserve. The contingency reserve would cover unforeseen expenses, such as expenses incurred upon the Association ceasing operations.

12. INTERFUND TRANSFERS

As described in the statement of changes in net assets, interfund transfers are made between internally restricted net assets and unrestricted net assets to fund tangible capital assets purchased, amortization of tangible capital assets and other expenditures.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

13. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association’s exposures to significant risk as at December 31, 2020.

Credit Risk

The Association is exposed to credit risk with respect to its bank deposits, accounts receivable and investments. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive and made investments are made with a chartered bank and credit union. In addition, certain investments are managed by a professional investment firm.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating rate instruments subject it to a cash flow risk.

14. WAGES AND CONTRACTOR REMUNERATION

Pursuant to the British Columbia Societies Act, the Association is required to disclose contractor fees and wages and benefits paid to contractors and employees who are paid \$75,000 or more during the fiscal year.

No employees or contractors were paid \$75,000 or more during the fiscal year.

2019 wages and contractors include \$135,519] of expense provided by a contractor. This amount covers the costs of several employees; and

2019 total expenses include \$142,618 of Group I wage expenses provided by a contractor (Park Board). The Group I wages cover the costs of several employees.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

15. JOINT OPERATING AGREEMENT ("JOA")

In 2018, the Association signed a new JOA with the Park Board effective January 1, 2018 for ten (10) years with one five (5) year renewal term. Under the agreement, the Association will pay an operation fee to the Vancouver Park Board starting in year 2 for 1% of prior year's gross facility-generated revenue and in years 3-10 for 2% per year of the previous year's gross facility-generated revenue. Effective January 1, 2018, the Association will also pay a 1% subscription fee for use of the ActiveNet registration system.

16. COVID-19

On March 16, 2020, the City of Vancouver announced the closures of all recreational facilities, including Hastings Community Centre, to help prevent the spread of Coronavirus.

All programs were suspended during the closure, including our childcare facility. Administrative staff continued to work offsite to support the Association and prepare for the Centre's re-opening. Administrative staff returned to work onsite in July 2020. The Community Centre began offering limited reduced capacity Summer Day Camp Programs in July 2020. Preschool and Out of School Care reopened at a reduced capacity in September/October 2020.

Initial fall programming began in September 2020 following all Provincial Health Orders. Programming will continue to increase or decrease due to Provincial Health Orders. The Association will continue to apply for the Canadian Emergency Wage Subsidy ("CEWS") while eligible.

PROGRAM REVENUE AND EXPENSES

Year ended December 31

	Revenue	Expenses		Total	Net Income (Loss)
		Wages and Contractors	Supplies and Other		
	\$	\$	\$	\$	\$
2020		<i>[note 14]</i>			
Adults	100,024	45,339	5,607	50,946	49,078
Children	65,997	58,742	556	59,298	6,699
Day Camps	49,084	42,000	4,691	46,691	2,393
Family Enrichment	26,001	25,093	908	26,001	—
Infant and Tot	8,086	8,086	—	8,086	—
Out of School Care	144,376	119,277	6,190	125,467	18,909
Preschool	102,504	128,831	3,583	132,414	(29,910)
Seniors	1,125	5,059	642	5,701	(4,576)
Templeton	23,341	29,418	460	29,878	(6,537)
Youth	10,423	16,993	4,324	21,317	(10,894)
	530,961	478,838	26,961	505,799	25,162
2019					
Adults	275,817	123,692	19,991	143,683	132,134
Children	239,681	166,816	4,735	171,551	68,130
Day Camps	146,298	75,901	33,877	109,778	36,520
Family Enrichment	49,250	67,124	4,143	71,267	(22,017)
Infant and Tot	13,086	11,897	548	12,445	641
Out of School Care	215,428	165,922	10,281	176,203	39,225
Preschool	198,313	191,803	11,815	203,618	(5,305)
Seniors	44,462	21,020	9,747	30,767	13,695
Templeton	210,653	157,559	8,975	166,534	44,119
Youth	13,085	20,875	20,077	40,952	(27,867)
	1,406,073	1,002,609	124,189	1,126,798	279,275

OTHER EXPENSES

Year ended December 31

	2020	2019
	\$	\$
Administrative and office	91,687	127,247
Bank charges, merchant fees, and online registration fees	6,081	23,804
Board events	3,315	8,702
Donations	5,000	1,500
Operation fee <i>[note 15]</i>	27,238	11,676
Professional	10,455	17,712
Repairs and maintenance	3,633	8,259
Subscription fee <i>[note 15]</i>	4,950	13,129
WorkSafeBC premiums	4,112	7,274
Transportation	424	805
Utilities	2,073	2,335
	158,968	222,443