

FINANCIAL STATEMENTS

**HASTINGS COMMUNITY
ASSOCIATION**

December 31, 2022



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, 2022, 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, 2022, 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
March 29, 2023

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2022	2021
	\$	\$
ASSETS		
Current		
Cash	434,489	1,601,080
Short-term investments <i>[note 5(i)]</i>	210,000	300,000
Accounts receivable <i>[note 4]</i>	131,791	196,349
Prepaid expenses	6,763	3,819
Total current assets	783,043	2,101,248
Long-term investments <i>[note 5(ii)]</i>	1,525,565	177,284
Capital assets <i>[note 6]</i>	40,402	32,032
	2,349,010	2,310,564
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals <i>[note 7]</i>	165,925	149,640
Deferred revenue - programs and grants <i>[note 8]</i>	267,918	206,431
Total current liabilities	433,843	356,071
Restricted parking revenue <i>[note 9]</i>	808,660	838,242
Deferred contributions related to capital assets <i>[note 10]</i>	131	804
Total liabilities	1,242,634	1,195,117
Net assets		
Invested in capital assets <i>[note 11]</i>	40,271	31,228
Internally restricted <i>[note 11]</i>	450,000	450,000
Unrestricted	616,105	634,219
Total net assets	1,106,376	1,115,447
	2,349,010	2,310,564

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

See accompanying notes to the financial statements

On behalf of the Board:

 Director

 Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Invested in Capital Assets \$	Internally Restricted \$	Un - restricted \$	Total Net Assets \$
2022				
		<i>[note 11]</i>		
Balance, beginning of year	31,228	450,000	634,219	1,115,447
Revenue over (under) expenses	(17,345)	—	8,274	(9,071)
Investment in capital assets	26,388	—	(26,388)	—
Balance, end of year	40,271	450,000	616,105	1,106,376
2021				
Balance, beginning of year	45,717	450,000	580,133	1,075,850
Revenue over (under) expenses	(21,937)	—	61,534	39,597
Investment in capital assets	7,448	—	(7,448)	—
Balance, end of year	31,228	450,000	634,219	1,115,447

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2022	2021
	\$	\$
Program revenue [schedule 1]	1,321,754	943,834
Direct program expenses [schedule 1]	1,118,410	887,946
	203,344	55,888
Other revenue		
Amortization of deferred contributions related to capital assets [note 10]	673	1,555
Donations	—	1,833
Grants	—	8,000
Investment income	28,996	14,276
Parking	92,600	39,200
Rentals	52,444	27,373
Special events and sundry	17,110	9,519
Vending	481	172
Wage subsidy - government assistance [note 16]	13,633	152,203
	205,937	254,131
Total net revenue	409,281	310,019
Other expenses		
Amortization of capital assets	18,018	23,492
Brochure and advertising	14,239	3,701
Grant expenses - wages and contractors	5,640	6,900
Other [schedule 2]	208,603	213,507
Parking	1,682	267
Rentals [note 14]	27,064	11,090
Special events and sundry	18,527	11,826
	293,773	270,783
Revenue over expenses before other items	115,508	39,236
Other items:		
Change in market value of portfolio investments	(124,579)	361
Restricted parking revenue [note 9]	65,924	—
Grant - preschool playground	64,000	—
Preschool playground [note 17]	(129,924)	—
Revenue over (under) expenses for the year	(9,071)	39,597

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Revenue over (under) expenses for the year	(9,071)	39,597
Items not affecting cash		
Amortization of capital assets	18,018	23,492
Amortization of deferred contributions related to capital assets	(673)	(1,555)
Change in market value of portfolio investments	124,579	(361)
Changes in non-cash working capital items		
Accounts receivable	64,558	(44,484)
Prepaid expenses	(2,944)	(3,049)
Accounts payable and accruals	16,285	33,077
Deferred revenue	61,487	63,072
Cash provided by operating activities	272,239	109,789
INVESTING ACTIVITIES		
Acquisition of capital assets	(26,388)	(7,448)
Acquisition and sale of investments (net)	(1,382,860)	1,085,005
Restricted parking revenue (net)	(29,582)	7,883
Cash provided by (used in) investing activities	(1,438,830)	1,085,440
Increase (decrease) in cash during the year	(1,166,591)	1,195,229
Cash, beginning of year	1,601,080	405,851
Cash, end of year	434,489	1,601,080

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022

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.

Investment income includes interest, dividends, and gain (loss) on disposition of the Association's portfolio investments. Interest income is recognized in accordance with the terms of the underlying investment, which is generally the passage of time and dividends are recorded as revenue when received.

The change in market value of portfolio investments is recorded as income.

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, if applicable.

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of Financial Instruments (cont'd)

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.

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

Financial assets measured at fair market value include long-term investments.

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

	2022	2021
	\$	\$
Trade and grants	4,033	72,203
Park Board	123,980	100,832
Government receivable - Wage subsidy	—	19,997
- GST	354	2,166
Interest	3,424	1,151
	131,791	196,349
Allowance for doubtful accounts	—	—
	131,791	196,349

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

5. INVESTMENTS

i) Short-term investments consist of the following:

	2022	2021
	\$	\$
Guaranteed investment certificates	210,000	—
Term deposit	—	300,000
	210,000	300,000

The guaranteed investment certificates bears interest at rates ranging from 1.8% to 5.0% and have maturity dates ranging from January 2023 to December 2023.

ii) Long-term investments consist of the following:

	2022	2021
	\$	\$
Fixed income and equities [cost \$1,309,783 (2021 - \$176,923)]	1,185,565	177,284
Guaranteed investment certificate	40,000	—
Term deposit	300,000	—
	1,525,565	177,284

The guaranteed investment certificate bears interest at 2.65% and has a maturity date of July 2024.

The term deposit bears interest at rates ranging from 4.25% to 5.0% and has a maturity date of November 2025.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
2022			
Furniture and equipment	123,686	83,284	40,402
2021			
Furniture and equipment	145,063	113,031	32,032

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

7. ACCOUNTS PAYABLE AND ACCRUALS

	2022	2021
	\$	\$
Trade and accruals	101,334	72,302
Park Board	49,328	53,092
Government remittances - WorkSafeBC	3,263	2,246
Other estimated government remittances	12,000	22,000
	165,925	149,640

8. DEFERRED REVENUE - PROGRAMS AND GRANTS

	2022	2021
	\$	\$
Programs - pre-registration	125,071	97,423
Grants and fundraising	91,353	72,689
Fitness centre passes	16,083	7,886
Preschool deposits	14,256	12,967
Out of school care deposits	12,271	11,694
Day camps	8,884	3,772
	267,918	206,431

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).

	2022	2021
	\$	\$
Balance, beginning of year	838,242	830,359
Add: Annual net parking revenue	36,342	7,883
Less: Spent on preschool playground <i>[note 17]</i>	(65,924)	—
Balance, end of year	808,660	838,242

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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:

	2022	2021
	\$	\$
Balance, beginning of year	804	2,359
Add: Purchased capital assets	—	—
Less: Amounts amortized to revenue	(673)	(1,555)
Balance, end of year	131	804

11. INTERNALLY RESTRICTED NET ASSETS AND CAPITAL MANAGEMENT

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

	2022	2021
	\$	\$
Operating contingency fund	450,000	450,000
	450,000	450,000

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 \$40,271 [2021 - \$31,228].

Operating Contingency Fund

The Association has internally restrict funds of \$450,000 [2021 - \$450,000] 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, 2022

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, 2022.

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.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk on its term deposit and portfolio investments.

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.

2022 total expenses include \$129,331 [2021 - \$98,154] 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, 2022

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.

Due to the COVID-19 pandemic, the Park Board has waived the operation fee based on prior years revenues for the calendar years ending December 31, 2020 and December 31, 2021. As a result, the December 31, 2021 and December 31, 2022 operating fee was waived.

16. COVID-19

Starting in the spring of 2022, the Association was back to full programming. During the year, the Association received wage subsidies in the amount of \$13,633 [2021 - \$152,203].

17. PRESCHOOL PLAYGROUND CONTRIBUTION

During the year, the Association contributed \$129,924 for a new preschool playground. Of this amount, the Park Board approved \$65,924 to be spent from restricted parking revenue [*note 9*].

18. COMPARATIVE FIGURES

Certain 2021 comparative figures have been reclassified to conform to the current year presentation.

PROGRAM REVENUE AND EXPENSES

Year ended December 31

	Revenue	Expenses		Total	Net Income (Loss)
		Wages and Contractors	Supplies and Other		
	\$	\$	\$	\$	\$
2022		<i>[note 14]</i>			
Adults	95,584	67,538	1,264	68,802	26,782
Children	278,129	207,290	4,779	212,069	66,060
Day Camps	143,931	91,266	35,817	127,083	16,848
Family Enrichment	62,322	70,295	8,999	79,294	(16,972)
Fitness	124,892	59,090	11,913	71,003	53,889
Food and Garden	32,331	28,014	3,088	31,102	1,229
Infant and Tot	13,820	13,820	—	13,820	—
Out of School Care	219,043	198,134	10,225	208,359	10,684
Preschool	178,571	149,499	7,389	156,888	21,683
Seniors	25,644	6,874	1,132	8,006	17,638
Templeton	127,997	87,052	5,450	92,502	35,495
Youth	19,490	36,482	13,000	49,482	(29,992)
	1,321,754	1,015,354	103,056	1,118,410	203,344
2021					
Adults	38,314	36,550	339	36,889	1,425
Children	215,587	170,208	1,436	171,644	43,943
Day Camps	104,053	81,690	10,973	92,663	11,390
Family Enrichment	35,197	36,017	3,317	39,334	(4,137)
Fitness	44,009	54,994	3,880	58,874	(14,865)
Food and Garden	35,214	23,751	8,168	31,919	3,295
Infant and Tot	15,246	15,096	—	15,096	150
Out of School Care	205,511	165,853	8,286	174,139	31,372
Preschool	176,427	170,661	6,606	177,267	(840)
Seniors	11,412	7,392	138	7,530	3,882
Templeton	53,592	36,474	2,158	38,632	14,960
Youth	9,272	34,494	9,465	43,959	(34,687)
	943,834	833,180	54,766	887,946	55,888

OTHER EXPENSES

Year ended December 31

	2022	2021
	\$	\$
Administrative and office	129,381	110,834
Bank charges, merchant fees, and online registration fees	28,335	16,383
Board events	1,454	937
Donations	1,100	3,200
Professional	12,787	11,890
Repairs and maintenance	9,438	52,511
Subscription fee <i>[note 15]</i>	12,286	8,492
WorkSafeBC premiums	10,601	7,099
Transportation	798	32
Utilities	2,423	2,129
	208,603	213,507