

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 226,190	\$ 375,854
Short-term investments (note 3)	488,982	282,757
Amounts receivable:		
City of Vancouver	480,023	516,049
Other	267,711	178,149
	<u>1,462,906</u>	<u>1,352,809</u>
Investments (note 3)	835,543	1,314,398
Capital assets (note 4)	630,711	667,637
Due from City of Vancouver and Parks Board (note 8(a))	230,800	216,000
	<u>\$ 3,159,960</u>	<u>\$ 3,550,844</u>

Liabilities and Net Assets

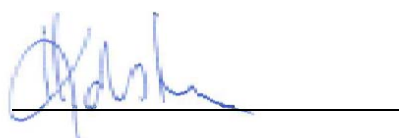
Current liabilities:		
Accounts payable and accrued liabilities	\$ 226,090	\$ 189,716
Deferred contributions (note 5)	366,209	377,898
Deferred revenue (note 6)	250,295	241,443
Due to related parties (note 7)	715,983	1,062,028
	<u>1,558,577</u>	<u>1,871,085</u>
Employee future benefits (note 8)	265,000	251,700
Working capital advance (note 9)	81,000	81,000
Deferred capital contributions (note 10)	489,426	509,183
	<u>2,394,003</u>	<u>2,712,968</u>
Net assets:		
Invested in capital assets (note 11)	141,285	158,454
Internally restricted (note 12)	624,672	679,422
	<u>765,957</u>	<u>837,876</u>
Economic dependence (note 19)		
Subsequent event (note 20)		
	<u>\$ 3,159,960</u>	<u>\$ 3,550,844</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue (note 14):		
Contributions from City of Vancouver for operating purposes	\$ 4,322,198	\$ 3,669,411
Rink and Pool	1,012,621	1,206,312
Donations, membership fees and special events	108,426	110,247
Province of British Columbia gaming grant	105,285	105,071
Contribution from Britannia Community Services Foundation	57,085	51,117
Amortization of deferred capital contributions	19,757	19,757
Interest	17,212	24,587
Rentals	14,128	20,475
Programs:		
Recreation	1,728,854	1,583,686
Child Care	694,682	674,821
Community education	442,575	405,362
Other	5,915	5,866
	<u>8,528,738</u>	<u>7,876,712</u>
Expenses:		
Maintenance and operations of buildings, equipment and grounds	1,897,776	1,560,381
Salaries, wages and employee benefits Park Board Staff	1,750,160	1,744,782
Salaries, wages and employee benefits Administration	1,609,296	1,501,816
General programs	526,838	454,709
Administration	167,930	165,657
Gaming grant for children, youth, and senior programs	105,285	105,071
Amortization of capital assets	36,926	38,226
Programs:		
Recreation	1,286,926	1,204,721
Child Care	678,791	662,777
Community education	425,805	412,961
Other	12,524	9,885
	<u>8,498,257</u>	<u>7,860,986</u>
Excess of revenue over expenses before the undernoted	30,481	15,726
Contribution to Britannia Community Services Foundation (note 12)	-	(152,484)
Transfer to Kickstand Community Bikes Society (note 7(b))	(87,400)	-
Deficiency of revenue over expenses	<u>\$ (56,919)</u>	<u>\$ (136,758)</u>

See accompanying notes to financial statements.

Financial Statements of

**THE BRITANNIA COMMUNITY
SERVICES CENTRE SOCIETY**

And Independent Auditors' Report thereon

Year ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of The Britannia Community Services Centre Society

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of The Britannia Community Services Centre Society (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets 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 December 31, 2019, 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 "**Auditors' 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.

Auditors' 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 auditors' 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.

- 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 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.
- 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 in preparing and presenting 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 period.

Chartered Professional Accountants

Vancouver, Canada

[Date]

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

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Current liabilities:		
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Subsequent event (note 20)		
	\$ 3,159,960	\$ 3,550,844

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

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Transfer to Kickstand Community Bikes Society (note 7(b))	(87,400)	-
Deficiency of revenue over expenses	<u>\$ (56,919)</u>	<u>\$ (136,758)</u>

See accompanying notes to financial statements.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	General Operating Fund			2019 Total	2018 Total
	Invested in capital assets (note 11)	Unrestricted	Internally restricted (note 12)		
Balance, beginning of year	\$ 158,454	\$ -	\$ 679,422	\$ 837,876	\$ 966,034
Actuarial gain (loss) on employee future benefits	-	(15,000)	-	(15,000)	8,600
Deficiency of revenue over expenses	(17,169)	(39,750)	-	(56,919)	(136,758)
Internal transfers (note 12)	-	54,750	(54,750)	-	-
Balance, end of year	\$ 141,285	\$ -	\$ 624,672	\$ 765,957	\$ 837,876

See accompanying notes to financial statements.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	\$ (56,919)	\$ (136,758)
Items not affecting cash:		
Amortization of capital assets	36,926	38,226
Amortization of deferred capital contributions	(19,757)	(19,757)
	(39,750)	(118,289)
Changes in non-cash operating working capital:		
Amounts receivable	(53,536)	(23,526)
Accounts payable and accrued liabilities	36,374	(212,343)
Deferred contributions	(11,689)	58
Deferred revenue	8,852	(22,024)
Due to related parties	(346,045)	65,733
Employee future benefits	(1,700)	1,000
	(407,494)	(309,391)
Financing:		
Change in due from City of Vancouver and Parks Board	(14,800)	4,000
Investing:		
Proceeds from maturity of investments	272,630	243,674
Purchase of investments	-	(262,861)
	272,630	(19,187)
Decrease in cash	(149,664)	(324,578)
Cash, beginning of year	375,854	700,432
Cash, end of year	\$ 226,190	\$ 375,854

See accompanying notes to financial statements.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements

Year ended December 31, 2019

1. Operations:

The Britannia Community Services Centre Society (the "Society") was incorporated under the Society Act (British Columbia) and its principal activity is the provision of social, recreational and educational services to the public. On November 10, 2018, the Society transitioned to the new Societies Act (British Columbia). The Society is a registered charity under the Income Tax Act and, accordingly, is exempt from federal and provincial income taxes.

Pursuant to a master agreement with the City of Vancouver (the "City") and the Board of School Trustees of School District No. 39 (Vancouver) ("VSB"), the Society manages the Britannia Community Services Centre with operating funds provided by the City and through its own fundraising and program activities.

Operations include the Society's support, at the discretion of the Society's Board of Management (the "Board"), to various community-initiated programs.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook – *Accounting* and include the following significant accounting policies:

(a) Basis of presentation:

These financial statements do not include the results of operations of the Britannia Community Services Foundation (the "Foundation") (note 15), an entity controlled by the Society.

(b) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Years
Buildings - Carving Pavilion	25
Equipment	3 - 10
Leasehold improvements	10 - 20
Vehicles	7

Title to the buildings to which improvements are made, and certain other assets at the discretion of the Society, are vested in the City. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated useful life of an asset are capitalized.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(b) Capital assets (continued):

The Society reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Society's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions, which include government grants and donations. These amounts are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related assets are amortized.

Unrestricted contributions are recognized as revenue in the year in which the funds are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Operating grants are recorded as revenue in the period to which they relate. Unrestricted grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant received relates to a future period, it is deferred and recognized in that subsequent period.

Investment income is recognized as revenue when earned.

Revenue from fees and contracts is recognized when the services are provided or the goods are sold. Certain fees, which are applicable to the following fiscal year for recreation programs and swimming and skating lessons are received before year end. These amounts are recorded as deferred revenue to the extent the programs are held in the subsequent year.

Donated services and materials normally acquired for the operations of the Society are recorded at their fair value, when readily determinable and may be based on donor provided information, as of the date the services are provided or the materials are received. Donated services in the form of volunteer time are not recognized in these financial statements due to the difficulty in determining a fair value.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(d) Employee future benefits:

Employees are entitled to earned benefits related to non-vested accumulating sick leave, sick leave gratuity and full vacation entitlement at retirement. Certain employees may also defer current vacation entitlements. The liability and expense for these benefits and compensated absences, including non-vested amounts, is recognized in the financial statements in the period in which employees render services and on the basis that the benefits are expected to be provided when the employees are no longer providing active service.

The Society has accrued future obligations for all post-employment benefits using the projected benefits method prorated on service. The Society's employees include Administrative, Parks Board and Child Care. The compensation, including employee future benefits of Administrative and Parks Board employees, is funded directly by the City of Vancouver. Child Care employees' compensation, including future benefits, is the responsibility of the Society.

The Society records actuarial gains and losses directly in net assets in the period they arise.

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses for the reporting period. Significant areas requiring management estimate include the estimated useful lives of capital assets and valuation of employee future benefits. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society elected to carry all investments 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.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets carried at cost or amortized cost 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 Society 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 Society 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.

(g) New accounting standards:

In March 2018, the Accounting Standards Board issued “Basis for Conclusions – Accounting Standards Improvements for Not-for-Profit Organizations” resulting in the introduction of three new handbook sections in Canadian accounting standards for not-for-profit organizations; Section 4433 Tangible capital assets held by not-for-profit organizations, Section 4434 Intangible assets held by not-for-profit organizations and Section 4441 Collections held by not-for-profit organizations.

The amendments are effective for financial statements with fiscal years beginning on or after January 1, 2019. Management has considered the application of the aforementioned new accounting standards and the implementation of these changes had no impact on the Society’s financial statements.

3. Investments:

Investments are comprised of guaranteed investment certificates (“GICs”). The GICs bear interest ranging from 1.8% to 3.1% (2018 - 1.8% to 3.1%), and mature between January 2020 and October 2023 (2018 - March 2019 and October 2023). Amounts maturing within the next fiscal year have been classified as short-term investments.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Building - Carving Pavilion	\$ 656,751	\$ 99,170	\$ 557,581	\$ 578,619
Equipment	233,198	227,208	5,990	8,168
Leasehold improvements	269,312	202,172	67,140	80,850
Vehicles	41,493	41,493	-	-
	\$ 1,200,754	\$ 570,043	\$ 630,711	\$ 667,637

The Society occupies a building that is leased from the City of Vancouver at a nominal rate. Leasehold improvements relate to this building.

5. Deferred contributions:

Deferred contributions represent restricted contributions related to program and project expenses of future periods which will be recognized as revenue in the period in which the related expenses are incurred or the programs are provided.

	Balance, December 31, 2018	Amounts received during the year	Amounts recognized as revenue	Balance, December 31, 2019
Gaming	\$ 34,905	\$ 119,108	\$ 105,285	\$ 48,728
Programs	342,993	844,741	870,253	317,481
	\$ 377,898	\$ 963,849	\$ 975,538	\$ 366,209

6. Deferred revenue:

Deferred revenue represents fees received related to recreation programs, memberships and swimming and skating lessons to be provided in the following fiscal year:

	2019	2018
Recreation programs	\$ 249,972	\$ 227,202
Pool and rink	323	14,241
	\$ 250,295	\$ 241,443

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Due to related parties:

The Society has management agreements with each of the Child Care Societies listed below and a memorandum of understanding with Kickstand Community Bikes Society (“Kickstand”). Through these agreements, the Society provides human resource management and financial services to the Child Care Societies and Kickstand. The management agreements do not compromise the Child Care Societies’ or Kickstand’s existence as each are independently governed and separate legal entities. The amount due to related parties is comprised of cash and investments held on behalf of these entities under their respective management agreements. The amounts bear interest at the rates earned by the cash and investments and are payable on demand.

	2019	2018
Grandview Terrace Child Care Society	\$ 284,483	\$ 271,883
Eagles in the Sky Child Care Society	128,683	118,112
Lord Nelson School Child Care Society (a)	1,519	426,839
Mount Pleasant Child Care Society	210,937	245,194
Kickstand Community Bikes Society (b)	90,361	-
	<u>\$ 715,983</u>	<u>\$ 1,062,028</u>

- (a) In June 2019, the Lord Nelson School Child Care Society (“Lord Nelson”) passed a motion to dissolve and end operations by August 30, 2019. In November 2019, Lord Nelson provided notice to end its management agreement with the Society. The amount due to Lord Nelson was paid by the Society in November 2019. The outstanding balance of \$1,519 payable to Lord Nelson as at December 31, 2019 represents an amount retained by the Society to cover any remaining unexpected expenses related to Lord Nelson’s operations.
- (b) Kickstand was incorporated in 2016 as a separate legal entity which is independent of the Society. The Society provided key oversight functions for Kickstand and its program until November 2019 when a memorandum of understanding was established which provided Kickstand an independent oversight role over its program, with the Society continuing to provide administrative and financial services. In December 2019, the Society transferred a payment of \$87,400 to Kickstand representing the surpluses generated by Kickstand’s program since its inception. The outstanding balance owing to Kickstand as at December 31, 2019 represents amounts held by the Society on behalf of Kickstand under the memorandum of understanding.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

8. Employee future benefits:

Employee benefit liabilities are comprised as follows:

	2019	2018
Administration (a)	\$ 120,500	\$ 115,100
Parks Board (a)	110,300	100,900
Child Care	34,200	35,700
	<u>\$ 265,000</u>	<u>\$ 251,700</u>

The liabilities reported in 2019 are based on an actuarial valuation as at December 31, 2019 using the following valuation assumptions:

	2019	2018
Discount rate	3.02%	3.70%
Inflation rate	2.50%	2.50%
Rate of compensation increase	2.58 to 4.50%	2.58 to 4.50%

The continuity of the Society's employee benefit liability, which is equal to the actuarial obligation, is as follows:

	2019	2018
Beginning of year	\$ 251,700	\$ 259,300
Current service cost	19,700	20,200
Interest cost	9,300	8,400
Actual benefits paid	(30,700)	(27,600)
Actuarial (gain) loss	15,000	(8,600)
	<u>\$ 265,000</u>	<u>\$ 251,700</u>

(a) The employee benefit liabilities relating to Administration and Parks Board are funded by the amount due from City Vancouver and Parks Board reported on the statement of financial position. The amount due is non-interest bearing and has no specified terms of repayment.

9. Working capital advance:

The working capital advance represents funds received from the City at the Society's inception to assist with monthly expenses, if required. These funds are repayable to the City upon the cessation of the Society and are non-interest bearing.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

10. Deferred capital contributions:

	2019	2018
Balance, beginning of year	\$ 509,183	\$ 528,940
Amortization during the year	(19,757)	(19,757)
Balance, end of year	\$ 489,426	\$ 509,183

Deferred capital contributions represent the unamortized amount of funds received from funders for and spent on the construction of a carving pavilion and child care playground.

11. Net assets invested in capital assets:

(a) Net assets invested in capital assets is calculated as follows:

	2019	2018
Capital assets	\$ 630,711	\$ 667,637
Amounts financed by deferred capital contributions	(489,426)	(509,183)
	\$ 141,285	\$ 158,454

(b) Change in net assets invested in capital assets:

	2019	2018
Amortization of deferred capital contributions	\$ 19,757	\$ 19,757
Amortization of capital assets	(36,926)	(38,226)
	\$ (17,169)	\$ (18,469)

12. Internally restricted net assets:

Internally restricted net assets are comprised of the following:

	Balance, December 31, 2018	Increase (decrease), during the year	Balance, December 31, 2019
Child Care	\$ 189,530	\$ (7,785)	\$ 181,745
Community Education	23,632	16,770	40,402
Van	40,000	-	40,000
Discretionary Reserve	426,260	(63,735)	362,525
	\$ 679,422	\$ (54,750)	\$ 624,672

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

12. Internally restricted net assets (continued):

The restricted Child Care and Community Education funds provide a source of funding in these programs for program deficits that may arise, capital acquisitions, or other uses related to these programs as determined by the Board.

The restricted Van fund provides a source of funding for future major van repairs or to contribute to its possible replacement.

The Discretionary Reserve represents funds committed during the year by the Board of Management for specific programs, but not expended by year end.

In 2016, the Board passed a new annual surplus policy in which annual and prior surpluses be allocated in the following manner:

- Surpluses generated in the Britannia Child Care and Community Education will be accrued to the dedicated reserves;
- The Van Reserve would be established and maintained at \$40,000;
- 75% of the remaining surplus would be allocated to a Facility Renewal Capital Fund that is managed by the Foundation;
- 15% of the remaining surplus to be placed in the Discretionary Reserve; and
- 10% of the remaining surplus to be transferred to the Foundation for the legacy of the Society.

In accordance with the 2016 surplus policy, \$152,484 was transferred to the Foundation on February 8, 2018.

13. Vancouver Foundation:

Funds administered by the Vancouver Foundation for which the Society is the beneficiary of the income are permanently restricted and consequently not included as an asset of the Society in these financial statements. The fund balance at December 31, 2019 is \$50,100 (2018 - \$50,100). The related market value at December 31, 2019 is \$57,313 (2018 - \$53,459).

Under the terms of the fund, the Society receives income earned on the capital. Income received in the amount of \$544 (2018 - \$524) has been recorded in interest income in the statement of operations.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

14. Revenue:

Revenue consists of contributions and fee revenue from the following sources:

	2019	2018
City of Vancouver	\$ 4,448,592	\$ 3,847,285
Government of Canada	296,961	240,672
Province of British Columbia	273,815	259,089
Fee for service	2,772,401	2,892,886
Britannia Community Services Foundation	57,085	51,117
Other	679,884	585,663
	<u>\$ 8,528,738</u>	<u>\$ 7,876,712</u>

Included in revenue from the City is \$126,393 of child care, recreation and community education programs revenue (2018 - \$177,874).

Contributions from the City in the statement of operations include Vancouver Park Board staff services with a value of \$1,750,160 (2018 - \$1,744,782) and maintenance staff services with a value of \$662,858 (2018 - \$444,098). The related expenses are recorded in Salaries, wages and employee benefits Park Board Staff expense and Maintenance and operations of buildings, equipment and grounds expense on the statement of operations

15. Britannia Community Services Foundation:

The Foundation was incorporated on November 20, 2002 under the Society Act (British Columbia) and transitioned to the new Societies Act (British Columbia) on November 6, 2018. The purpose of the Foundation is to further services and programs offered by the Society by providing financial support. The Society controls the Foundation by virtue of its ability to appoint a majority of the Foundation's Board of Directors.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

15. Britannia Community Services Foundation (continued):

The net assets and results of operations of the Foundation are not included in the financial statements of the Society. A financial summary as at December 31, 2019, based on unaudited financial statements of the Foundation, is as follows:

	2019	2018
Financial position:		
Total assets	\$ 1,631,004	\$ 1,460,493
Total liabilities	58,585	52,617
Total net assets	\$ 1,572,419	\$ 1,407,876
Result of operations:		
Total revenue	\$ 72,597	\$ 372,955
Expenses:		
Grant to Britannia Community Services Centre Society	57,085	51,117
Administration	16,884	17,346
Foreign withholding taxes	980	682
Total expenses	74,949	69,145
Excess (deficiency) of revenue over expenses before undernoted item	(2,352)	303,810
Unrealized gains (losses) arising during the year	166,895	(217,871)
Excess (deficiency) of revenue over expenses	\$ 164,543	\$ 85,939
Statement of cash flows:		
Operating activities	\$ (24,808)	\$ 116,824
Investing activities	24,808	(116,824)
Change in cash and cash balance, beginning and end of year	\$ -	\$ -

16. Bank facility:

The Society has available an operating line of credit to a maximum of \$150,000 at an annual rate of bank prime. This is secured by a general security agreement creating interest against all present and after-acquired personal property and specifically charging \$150,000 assignment of deposits and registered at the Personal Property Registry against the Society. As at December 31, 2019, the Society had not drawn on this facility (2018 - nil).

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

17. Financial risks:

(a) Interest rate risk:

The Society is exposed to interest rate risk on its fixed interest rate financial instruments, which subject the Society to a fair value risk. The Society is exposed to this type of risk as a result of investments in fixed rate GICs.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable and its investments in GICs. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. GICs are invested with reputable financial institutions.

(c) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

In management's opinion, the Society is not exposed to significant market or currency risks related to its financial instruments. There has been no change to the risk exposures from 2018.

18. Disclosure of employee and contractor remuneration:

For the year ended December 31, 2019, the Society paid total remuneration of \$517,318 (2018 - \$414,358) to five employees (2018 - four employees) and contractors for services, each of whom received total annual remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board.

19. Economic dependence:

The Society receives a major portion of its revenue pursuant to a funding arrangement with the City and Parks Board. Future operations of the Society depend on continued funding under these arrangements.

20. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

THE BRITANNIA COMMUNITY SERVICES CENTRE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2019

20. Subsequent event (continued):

At the time of approval of these financial statements, the Society has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Temporary closure of facilities including the pool, rink and fitness centre;
- Cancellations and reductions in recreation and child care programs;
- Reductions in revenues due to canceled programs and closed facilities
- Temporary work shortages for certain administration, child care, and recreation staff.

At this time these factors present uncertainty over future cash flows. Due to uncertainties around the length of this pandemic, an estimate of the financial effect is not practicable at this time. As at the date of approval of these financial statements, there has been no change in the Society's budget and funding arrangement with the City of Vancouver, which provides funding for certain unavoidable costs including administration and recreation salaries, and maintenance.