
THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of The Roundhouse Community Arts and Recreation Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Roundhouse Community Arts and Recreation Society (the "Society"), which comprise the statement of financial position as at June 30, 2023, and the statements of changes in net assets, revenue and expenditures 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 Society as at June 30, 2023, and the results of its operations and 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 report. We are independent of the Society in accordance with 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 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:

INDEPENDENT AUDITORS' REPORT

- 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 Society'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 Society'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 Society 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 Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied 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.

Manning Elliott LLP

Chartered Professional Accountants

Vancouver, British Columbia

October 25, 2023

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 797,292	\$ 684,986
Accounts receivable	170,827	109,711
Prepaid expenses and deposits	3,814	15,963
	971,933	810,660
CAPITAL ASSETS (Note 3)	132,067	136,430
	\$ 1,104,000	\$ 947,090
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	\$ 169,982	\$ 117,279
Rental deposits	42,984	32,784
Deferred revenue (Note 5)	312,544	288,819
	525,510	438,882
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)	43,220	52,343
	568,730	491,225
NET ASSETS		
INVESTED IN CAPITAL ASSETS	88,847	84,087
CONTINGENCY RESERVE (Note 7)	100,000	100,000
UNRESTRICTED	346,423	271,778
	535,270	455,865
	\$ 1,104,000	\$ 947,090

Approved by the Directors

_____ Director

_____ Director

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Invested in capital assets	Contingency reserve (Note 7)	Unrestricted	2023 Total
BALANCE, BEGINING OF YEAR	\$ 84,087	\$ 100,000	\$ 271,778	\$ 455,865
Excess of revenue over expenditures for the year	-	-	79,405	79,405
Purchase of capital assets	26,389	-	(26,389)	-
Amortization of capital assets	(30,752)	-	30,752	-
Amortization of deferred contributions related to capital assets	9,123	-	(9,123)	-
BALANCE, END OF YEAR	\$ 88,847	\$ 100,000	\$ 346,423	\$ 535,270

	Invested in capital assets	Contingency reserve (Note 7)	Unrestricted	2022 Total
BALANCE, BEGINING OF YEAR	\$ 106,624	\$ 100,000	\$ 170,000	\$ 376,624
Excess of revenue over expenditures for the year	-	-	79,241	79,241
Amortization of capital assets	(32,346)	-	32,346	-
Amortization of deferred contributions related to capital assets	9,809	-	(9,809)	-
BALANCE, END OF YEAR	\$ 84,087	\$ 100,000	\$ 271,778	\$ 455,865

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
REVENUE		
Net program operations <i>(Schedule 1)</i>	\$ 566,244	\$ 412,580
Administration fees and other income	10,474	15,805
	576,718	428,385
EXPENDITURES		
Production department costs	200,982	184,886
Advertising and promotion	88,552	80,144
Employer costs	58,980	54,744
Bank charges	56,674	42,366
Administration	51,960	31,689
Legal and accounting	15,500	13,600
Facility development costs	2,556	2,015
Education and training	480	160
	475,684	409,604
EXCESS OF REVENUE OVER EXPENDITURES		
BEFORE OTHER ITEMS	101,034	18,781
OTHER ITEMS		
Government subsidies and grants	-	82,997
Amortization of deferred contributions related to capital assets <i>(Note 6)</i>	9,123	9,809
Amortization of capital assets	(30,752)	(32,346)
	(21,629)	60,460
EXCESS OF REVENUE OVER EXPENDITURES		
FOR THE YEAR	\$ 79,405	\$ 79,241

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,835,993	\$ 1,486,002
Cash receipts from administration fees and other income	10,474	98,801
Cash paid to suppliers and employees	(1,707,772)	(1,283,615)
	138,695	301,188
INVESTING ACTIVITY		
Purchase of capital assets	(26,389)	-
INCREASE IN CASH	112,306	301,188
CASH, BEGINNING OF YEAR	684,986	383,798
CASH, END OF YEAR	\$ 797,292	\$ 684,986

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

PURPOSE OF THE ORGANIZATION

The purpose of The Roundhouse Community Arts and Recreation Society (the "Society") is to promote community spirit and good citizenship through community art, recreation and social programs and services. The overall mission is to celebrate diversity of ideas, people, values and activities through the provision and operation of the Roundhouse Community Centre.

The Society is incorporated under the Societies Act of British Columbia as a not-for-profit organization and is accordingly exempt from income taxes under the Income Tax Act (Canada).

The Society operates the Roundhouse Community Centre jointly with the Vancouver Board of Parks and Recreation ("VPB") in accordance with the terms of a Joint Operating Agreement.

While the Roundhouse building and facilities are owned and maintained by VPB and key operating staff are provided by the VPB, the Society is responsible for the development and presentation of various programs in support of the mission of the Society and for the related program costs, equipment, supplies and services. The Society funds these activities through program and rental revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have been prepared using the following significant accounting policies:

(a) Financial instruments

i) Measurement

The Society's financial instruments include cash, accounts receivable and accounts payable. The Society initially measures all of its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and liabilities at amortized cost.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenditures. A previously recognized impairment loss may be reversed to the extent of any improvement, 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 the statement of revenue and expenditures in the period in which it is determined.

(b) Cash

For the purposes of determining cash flows, the Society's cash consists of cash on deposit.

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Capital assets

Capital assets are recorded at historical cost and amortized over their estimated useful lives applying the following annual rates and methods:

Performance centre equipment	10 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Computer software	30%	declining balance basis
Computer hardware	30/55%	declining balance basis
Signage	30%	declining balance basis

The Society monitors the recoverability of capital assets based on their long-term service potential. When a capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenditures. Write-downs recognized under this policy are not reversed.

(d) Revenue recognition

The Society follows the deferral method of accounting for revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Revenue from programs and rentals is recognized when the associated class or event is held.

Contributions restricted for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

(e) Contributed materials and services

The Society benefits from contributed services in the form of volunteer time. Fair values of contributed materials and services cannot be reasonably estimated and therefore these items are not recognized in these financial statements.

(f) Allocation of expenses

The Society reports its expenditures by nature and provides supplementary information about the allocation of expenditures in the Schedule of Program Operations. Allocations in the Schedule are based on a direct assignment of costs attributable to each program.

(g) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the valuation of accounts receivable, the useful lives of capital assets for calculating amortization and the amounts recorded as accrued liabilities and the measurement of deferred revenue and deferred contribution related to capital assets.

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. FINANCIAL INSTRUMENTS RISKS

The Society is exposed to various risks through its financial instruments described in Note 1(a), and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of June 30, 2023. There has been no change in the risk exposure from the previous reporting period.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations resulting in a financial loss. In the opinion of management, the credit risk exposure to the Society is low.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and monitors its cash balances and cash flows generated from operations against its anticipated outflows. In the opinion of management, the liquidity risk exposure to the Society is low.

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.

(i) Currency risk

Currency risk arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society does not commonly own foreign currency, or perform transactions in a foreign currency. In the opinion of management, the currency risk exposure to the Society is low.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. In the opinion of management, the interest rate risk exposure to the Society is low.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. In the opinion of management, the other price risk exposure to the Society is low.

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Performance centre equipment	\$ 197,839	\$ 128,537	\$ 69,302	\$ 70,201
Furniture and fixtures	152,425	100,133	52,292	51,258
Computer software	58,263	49,538	8,725	12,465
Computer hardware	25,485	23,744	1,741	2,494
Signage	12,599	12,592	7	12
	\$ 446,611	\$ 314,544	\$ 132,067	\$ 136,430

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is an Operations Fee payable of \$26,102 (2022 - \$2,636) due to the Vancouver Board of Parks and Recreation as required by the Joint Operating Agreement ("JOA"). The Vancouver Board of Parks and Recreation waived the Operations fee for half of fiscal 2022. The amount accrued in respect of the year ended June 30, 2023 is 2% (2022 - 2%) of the previous year's applicable prorated gross revenues (as defined in the JOA).

5. DEFERRED REVENUE

	2023	2022
Opening balance	\$ 288,819	\$ 185,072
Amounts received during the year	951,468	822,022
Less: amounts recognized as revenue during the year	(927,743)	(718,275)
	\$ 312,544	\$ 288,819

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions that have been used to purchase capital assets. These contributions are amortized at the same rate as the underlying capital assets.

	2023	2022
Opening balance	\$ 52,343	\$ 62,152
Less: amounts recognized as revenue during the year	(9,123)	(9,809)
	\$ 43,220	\$ 52,343

7. CONTINGENCY RESERVE

The board of directors has internally restricted a contingency reserve of \$100,000 (2022 - \$100,000) in the event the Society encounters extraordinary circumstances.

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. SOCIETIES ACT REMUNERATION DISCLOSURE

In accordance with the Societies Act of British Columbia, the Society is required to disclose remuneration paid to employees, directors and contractors of the Society.

There was one employee, and no directors or contractors that earned over \$75,000 during the year ended June 30, 2023, for a total of \$83,901 (2022 - two employees for a total of \$157,361).

THE ROUNDHOUSE COMMUNITY ARTS AND RECREATION SOCIETY
SCHEDULE OF PROGRAM OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2023

(Schedule 1)

	Revenue	Expenditures	2023	2022
Classes/workshops	\$ 1,285,078	\$ 896,484	\$ 388,594	\$ 303,267
Rentals	339,766	132,902	206,864	117,512
Partnership	97,373	81,102	16,271	8,169
Residency	44,279	42,184	2,095	12,990
Special events	30,179	36,086	(5,907)	(1,845)
Subsidized programs	66,510	108,183	(41,673)	(27,513)
	\$ 1,863,185	\$ 1,296,941	\$ 566,244	\$ 412,580