www.twmca.com

FINANCIAL STATEMENTS

POWELL STREET FESTIVAL SOCIETY

December 31, 2024

Limited Liability Partnership

Tompkins Wozny
Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
Powell Street Festival Society

Qualified Opinion

We have audited the financial statements of Powell Street Festival Society (the Society), which comprise the statement of financial position as at December 31, 2024, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2024, 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to sponsorships, fundraising and donations revenue, excess of revenues, and cash flows from operations for the year ended December 31, 2024.

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 Society 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 qualified 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 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.

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 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 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 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 British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
April 28, 2025

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2024 $	2023 $
ASSETS		
Current		
Cash and cash equivalents	**81,759**	155,581
Cash - BC gaming	**419**	179
Prepaid expenses	**3,900**	4,826
Short-term deposits	**78,188**	75,000
Accounts receivable *[note 3]*	**34,711**	54,632
	198,977	290,218
Long-term deposits	**104,000**	100,000
Capital assets *[note 4]*	**48,643**	5,397
	351,620	395,615
LIABILITIES		
Current		
Accounts payable and accrued liabilities *[note 5]*	**35,694**	100,329
Deferred revenue *[note 6]*	**39,913**	7,553
	75,607	107,882
Deferred capital contributions *[note 7]*	**42,567**	3,286
	118,174	111,168
NET ASSETS	**233,446**	284,447
	351,620	395,615

Economic dependence *[note 13]*

See accompanying notes to the financial statements

On behalf of the Board:

Signed by:
05E8BE0412374BC...
Director
Rachel Nakamura

Signed by:
49C2AC18BCEE43B...
Director
Edward Takayanagi

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Unrestricted Fund $	Internally Restricted $ [Note 8]	Total $
2024			
Balance, beginning of year	**114,566**	**169,881**	**284,447**
Excess of expenses for the year	**(34,318)**	**(16,683)**	**(51,001)**
Balance, end of year	**80,248**	**153,198**	**233,446**
2023			
Balance, beginning of year	172,664	241,980	414,644
Excess of expenses for the year	(58,098)	(72,099)	(130,197)
Balance, end of year	114,566	169,881	284,447

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2024 $	2023 $
REVENUE		
Grants and contracts *[note 6]*	**509,878**	787,913
Donations and fundraising	**109,084**	103,408
Festival commissions	**51,994**	51,948
Other revenues	**37,979**	24,268
Sponsorships	**28,353**	8,350
Merchandise	**18,303**	13,652
Amortization of deferred capital contributions *[note 7]*	**11,799**	3,286
	767,390	992,825
EXPENSES		
Programming	**267,574**	568,211
Artistic expenses	**159,786**	156,774
Administrative expenses	**126,987**	142,207
Production/technical salaries and fees	**131,784**	100,703
Marketing and communications	**82,741**	87,312
Fundraising expenses	**42,117**	61,651
Facility	**7,402**	6,164
	818,391	1,123,022
Excess of expenses for the year	**(51,001)**	(130,197)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2024 $	2023 $
OPERATING ACTIVITIES		
Excess of expenses for the year	**(51,001)**	(130,197)
Add item not affecting cash:		
Amortization of deferred capital contributions	**(11,799)**	(3,286)
Amortization of capital assets	**13,606**	3,708
	(49,194)	(129,775)
Changes in non-cash working capital items:		
Accounts receivable	**19,921**	(20,347)
Prepaid expenses	**926**	(711)
Short-term deposits	**(3,188)**	(75,000)
Long-term deposits	**(4,000)**	(25,000)
Accounts payable and accrued liabilities	**(64,635)**	68,861
Deferred revenue	**32,360**	5,707
Cash used in operating activities	**(67,810)**	(176,265)
FINANCING ACTIVITIES		
Purchase of capital assets	**(56,852)**	(2,533)
Deferred capital contributions	**51,080**	—
Cash used in financing activities	**(5,772)**	(2,533)
Decrease in cash during the year	**(73,582)**	(178,798)
Cash and cash equivalents, beginning of year	**155,760**	334,558
Cash and cash equivalents, end of year	**82,178**	155,760
Cash and cash equivalent consists of:		
Cash - Operating	**81,759**	155,581
- BC gaming	**419**	179
Cash and cash equivalents, end of year	**82,178**	155,760

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1. PURPOSE OF THE SOCIETY

Powell Street Festival Society (the "Society") is incorporated under the Societies Act of British Columbia. The Society is a registered charity under the Canadian Income Tax Act. Its purpose is to:

- organize, sponsor, stage and otherwise promote cultural events including festivals, theatre, video, live entertainment, film, demonstrations, exhibits, music and art involving Japanese Canadian and Asian Canadian artists, themes and interests;
- encourage the above through educational activities including cultural exchange and scholarships; and
- advance economic and social equity by creating skills training and employment opportunities through programs that deliver basic necessities of life and/or cultural education for marginalized and racialized populations currently living in the historic Japanese Canadian geographic location of the Powell Street neighbourhood, currently known as the Downtown Eastside.

2. 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 accounting standards for not-for-profit organizations 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 relate to the determination of net recoverable value of assets, in particular as it relates to useful live of capital assets and accrued liabilities. Actual results could differ from these estimates.

Fund Accounting

These financial statements include the following funds which are segregated for the purposes of carrying on specific activities as described below:

Unrestricted Fund

The Unrestricted Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Internally Restricted Fund

The Internally Restricted Fund represents the amount of the accumulated surplus of the Society that has been internally restricted by the board of directors for special projects in the future, including:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Accounting (Cont'd)

Community Care

- to fulfill the Society's mandate to support economic and social equity for marginalized and racialized populations currently living in Vancouver's Downtown Eastside, the historic Japanese Canadian neighbourhood.

Operational Enhancement and Human Resource Capacity

- to support the Society's ability to fulfill its mandate and activities by enhancement of operational infrastructure and/or human resource capacity.

Development and Presentation of Artistic Programming

- to support the Society's ability to fulfill its mandate and activities by the development and presentation of artistic programing.

Revenue Recognition

The Society follows the deferral method of accounting for contributions which consist of private sector revenue and public sector revenue. The accounting methodology for the different types of contributions the Society receives is as follows:

Unrestricted contributions and earned revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues and expenses related to productions or projects of a future period are deferred and recognized in these future periods.

Restricted contributions for the purchase of capital assets that will be amortized are recognized as revenue at the same rate at which the assets purchased are amortized.

Externally restricted operating contributions are recognized as revenue in the period in which the related expenses are incurred.

Earned revenues are recognized as revenue when the services have been provided or when goods are sold and the customer assumes the risk of loss, when the consideration can be reasonably estimated and when amounts have been paid or collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services and Materials

Volunteers contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the donated services is not recognized in these financial statements. In 2024, over 4,891 hours were volunteered on behalf of the Society. These hours are unaudited.

Contributed materials and services are recognized when a fair value can be reasonably estimated, when they are used in the normal course of the Society's operations, and when they would otherwise have been purchased. Fair value is determined by comparing comparable services provided by the contributing organization.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

Allocation of Expenses

The Society uses specific identification in allocating expenses, and does not allocate expenses between functions.

Capital Assets

Capital assets are initially valued at cost and are amortized over their useful lives at the following annual rates:

- Furniture & equipment 3 years straight line

Cash and Cash Equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end and highly liquid term deposits.

Short-Term Deposits

Short-term deposits consist of interest bearing deposits which mature between three to 12 months from the date of purchase.

Long-Term Deposits

Long-term deposits consist of interest bearing deposits with maturities beyond 12 months from the date of purchase.

3. ACCOUNTS RECEIVABLE

	2024 $	2023 $
Operating	**21,649**	44,642
Accrued interest	**6,081**	6,601
Government - GST	**6,981**	3,389
	34,711	54,632

4. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	Net Book Value $
2024			
Furniture & equipment	**92,442**	**43,799**	**48,643**
	92,442	**43,799**	**48,643**
2023			
Furniture & equipment	39,568	34,171	5,397
	39,568	34,171	5,397

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024 $	2023 $
Operating	**32,945**	99,743
Wages and benefits	**1,757**	—
Government remittances - WorkSafeBC	**739**	586
- PST	**253**	—
	35,694	100,329

6. DEFERRED REVENUE

	Deferred, Beginning of Year $	Received & Receivable $	Revenue Earned $	Deferred, End of Year $
FEDERAL FUNDING				
Canada Council for the Arts	—	**115,000**	**115,000**	—
Department of Canadian Heritage	—	**38,500**	**38,500**	—
Government of Canada - Canada Summer	—	**5,543**	**5,543**	—
	—	**159,043**	**159,043**	—
PROVINCIAL FUNDING				
BC Arts Council	—	**97,000**	**67,000**	**30,000**
Province of BC - fairs, festivals and events	—	**38,500**	**38,500**	—
Province of BC - BC Gaming	—	**29,500**	**29,500**	—
	—	**165,000**	**135,000**	**30,000**
MUNICIPAL FUNDING				
City of Vancouver	—	**66,000**	**63,000**	**3,000**
	—	**66,000**	**63,000**	**3,000**
NON-GOVERNMENT GRANTS AND CONTRIBUTIONS				
Japanese Canadian Legacies Society	—	**78,920**	**72,007**	**6,913**
Community Impact Real Estate Society	—	**46,452**	**46,452**	—
Others	—	**34,376**	**34,376**	—
	—	**159,748**	**152,835**	**6,913**
Total grants and contracts	—	**549,791**	**509,878**	**39,913**
SPONSORSHIPS AND OTHER				
Other	**7,553**	—	**7,553**	—
TOTAL	**7,553**	**549,791**	**517,431**	**39,913**

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received for the purchase of property and equipment. These amounts are recognized as revenue on a straight line basis over the estimated life of the acquired property and equipment.

	2024 $	2023 $
Balance, beginning of year	**3,286**	6,572
Japanese Canadian Legacies Society - capital grant	**51,080**	—
Amortization revenue	**(11,799)**	(3,286)
	42,567	3,286

8. INTERNALLY RESTRICTED FUND

The Society has set aside $153,198 [2023 - $169,881] as internally restricted. The total amount represents internally restricted funds not available for current expenditures and is allocated as follows:

	2024 $	2023 $
Operational Enhancement and Human Resource Capacity	**78,000**	78,000
Development and Presentation of Artistic Programming	**52,305**	52,305
Community Care	**22,893**	39,576
	153,198	169,881

9. IN-KIND CONTRIBUTIONS

	2024 $	2023 $
City of Vancouver - Video billboard advertising	**38,936**	38,936
- Bus shelter	**25,000**	36,248
Rogers - festival promotion	**28,000**	28,000
City News	**25,600**	—
Supplies and other	**12,204**	13,024
The Georgia Straight - advertising	**—**	3,380
Net revenue	**129,740**	119,588

In-kind donations are not recorded in the financial statements but are provided here for informational purposes only.

10. COMMITMENTS

Lease Commitments

The Society leases its premises from the City of Vancouver, The Society's minimum lease expires in 2025 and the commitments for the next year, for base rent only, are as follows:

	$
2025	**12,473**
	12,473

10. COMMITMENTS (CONT'D)

Operating Loan Commitment

In April 2018, the Society entered into a line of credit / operating loan agreement in the approved maximum amount of $30,000 with VanCity Credit Union. The operating loan is repayable on demand and bears annual interest at 2% above prime lending rate, compounded monthly. The loan is secured by a term deposit and by a Commercial Operating loan application and agreement. As at December 31, 2024, the Society had $Nil outstanding under this facility [2023 - $Nil]. No interest payments were made under this agreement in 2024 [2023 - $Nil].

11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at December 31, 2024.

Credit Risk

Credit risk is the risk that the Society will incur loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Society limits its exposure to credit risk by placing its cash in high credit quality instruments. It is the management’s opinion that the Society is not exposed to significant risk regarding its accounts receivable as its accounts receivable mostly consist of amounts due from government agencies. The Society has determined that there is no requirement for Allowance for doubtful accounts as at December 31, 2024 [2023 - $Nil].

Liquidity Risk

Liquidity risk is the risk that the Society cannot meet the demand for cash or fund its obligations as they become due. Management minimizes its exposure to liquidity risk by regular monitoring of cash flows.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Society's interest bearing financial instruments will fluctuate due to changes in the prevailing interest rates. The Society is exposed to interest rate risk on its term deposits.

12. WAGE AND CONTRACTOR RENUMERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration paid to employees and contractors who are paid over $75,000 or more during the fiscal year. In 2024, one [2023 - one] employee was paid $87,830 [2023 - $84,039] and no contractors [2023 - one] were paid over $75,000 [2023 - $219,634]. The Society pays no renumeration to its directors.

In 2024 total wages and benefits paid to employees was $346,516 [2023 - $363,652].

13. ECONOMIC DEPENDENCE

The Society is dependent on grants from governments and governmental agencies to meet its obligations and to finance its continued operations.

14. COMPARATIVES

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