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**FINANCIAL STATEMENTS**

**POWELL STREET FESTIVAL SOCIETY**

**December 31, 2023**



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# INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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, 2023.

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.

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## INDEPENDENT AUDITOR'S REPORT

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- 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.

Vancouver, Canada  
April 24, 2024

*Tompkins Wozny LLP*

Chartered Professional Accountants

Powell Street Festival Society

STATEMENT OF FINANCIAL POSITION

As at December 31

	2023 \$	2022 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	155,581	334,441
Cash - BC gaming	179	117
Prepaid expenses	4,826	4,115
Short-term deposits	75,000	—
Accounts receivable <i>[note 3]</i>	54,632	34,285
	<b>290,218</b>	<b>372,958</b>
Long-term deposits	100,000	75,000
Capital assets <i>[note 4]</i>	5,397	6,572
	<b>395,615</b>	<b>454,530</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 5]</i>	100,329	31,468
Deferred revenue <i>[note 6]</i>	7,553	1,846
	<b>107,882</b>	<b>33,314</b>
Deferred capital contributions <i>[note 7]</i>	3,286	6,572
	<b>111,168</b>	<b>39,886</b>
<b>NET ASSETS</b>	<b>284,447</b>	<b>414,644</b>
	<b>395,615</b>	<b>454,530</b>

Economic dependence *[note 13]*


See accompanying notes to the financial statements

On behalf of the Board:

Director



Director



**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31

	Unrestricted Fund \$	Internally Restricted \$	Total \$
<b>2023</b>		<i>[note 8]</i>	
<b>Balance, beginning of year</b>	172,664	241,980	414,644
Excess of expenses for the year	(58,098)	(72,099)	(130,197)
<b>Balance, end of year</b>	<b>114,566</b>	<b>169,881</b>	<b>284,447</b>
<b>2022</b>			
<b>Balance, beginning of year</b>	144,358	130,305	274,663
Excess of revenue for the year	139,981	—	139,981
Interfund transfer	(111,675)	111,675	—
<b>Balance, end of year</b>	<b>172,664</b>	<b>241,980</b>	<b>414,644</b>

*See accompanying notes to the financial statements*

**STATEMENT OF OPERATIONS**

Year ended December 31

	2023	2022
	\$	\$
<b>REVENUE</b>		
Grants and contracts <i>[note 6]</i>	787,913	827,472
Donations and fundraising	103,408	202,299
Festival commissions	51,948	39,784
Other revenues	24,268	25,545
Merchandise	13,652	12,064
Sponsorships	8,350	14,300
Amortization of deferred capital contributions <i>[note 7]</i>	3,286	4,482
	<b>992,825</b>	<b>1,125,946</b>
<b>EXPENSES</b>		
Programming	568,211	484,568
Artistic expenses	156,774	122,680
Administrative expenses	142,207	130,628
Production/technical salaries and fees	100,703	81,474
Marketing and communications	87,312	103,446
Fundraising expenses	61,651	56,175
Facility	6,164	6,994
	<b>1,123,022</b>	<b>985,965</b>
<b>Excess of revenue (expenses) for the year</b>	<b>(130,197)</b>	<b>139,981</b>

*See accompanying notes to the financial statements*

## STATEMENT OF CASH FLOWS

Year ended December 31

	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue (expenses) for the year	(130,197)	139,981
Add item not affecting cash:		
Amortization of deferred capital contributions	(3,286)	(4,482)
Amortization of capital assets	3,708	4,482
	(129,775)	139,981
Changes in non-cash working capital items:		
Accounts receivable	(20,347)	(10,333)
Prepaid expenses	(711)	4,360
Short-term deposits	(75,000)	30,000
Long-term deposits	(25,000)	(59,201)
Accounts payable and accrued liabilities	68,861	(27,488)
Deferred revenue	5,707	(23,000)
<b>Cash provided by (used in) operating activities</b>	<b>(176,265)</b>	<b>54,319</b>
<b>FINANCING ACTIVITIES</b>		
Purchase of capital assets	(2,533)	(9,858)
Deferred capital contributions	—	9,858
<b>Cash used in financing activities</b>	<b>(2,533)</b>	<b>—</b>
<b>Increase (decrease) in cash during the year</b>	<b>(178,798)</b>	<b>54,319</b>
Cash and cash equivalents, beginning of year	334,558	280,239
<b>Cash and cash equivalents, end of year</b>	<b>155,760</b>	<b>334,558</b>
<b>Cash and cash equivalent consists of:</b>		
Cash - Operating	155,581	334,441
- BC gaming	179	117
<b>Cash and cash equivalents, end of year</b>	<b>155,760</b>	<b>334,558</b>

*See accompanying notes to the financial statements*

## NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2023

### 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 life 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:



## NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2023

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Fund Accounting (Cont'd)

The DTES Community Land Trust Project

- to protect property from the private market and use it for community benefit. The objective is to provide affordable housing and community spaces through a community land trust model.

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 programming.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2023

### 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 2023, over 3,840 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

3. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Operating	44,642	27,036
Accrued interest	6,601	695
Government - GST	3,389	6,554
	<b>54,632</b>	<b>34,285</b>

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
<b>2023</b>			
Furniture & equipment	39,568	34,171	5,397
	<b>39,568</b>	<b>34,171</b>	<b>5,397</b>
<b>2022</b>			
Furniture & equipment	37,035	30,463	6,572
	37,035	30,463	6,572

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
	\$	\$
Operating	99,743	19,111
Government remittances - WorkSafeBC	586	449
- Payroll tax	—	2,874
- PST	—	785
Wages and benefits	—	8,249
	<b>100,329</b>	<b>31,468</b>

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

## 6. DEFERRED REVENUE

	Deferred, Beginning of Year \$	Received & Receivable \$	Revenue Earned \$	Deferred, End of Year \$
<b>FEDERAL FUNDING</b>				
Canada Council for the Arts	—	175,000	175,000	—
Department of Canadian Heritage	—	54,000	54,000	—
Government of Canada - Canada Summer	—	10,371	10,371	—
	—	239,371	239,371	—
<b>PROVINCIAL FUNDING</b>				
BC Arts Council	—	163,876	163,876	—
Province of BC - fairs, festivals and events	—	58,000	58,000	—
Province of BC - BC Gaming	—	29,500	29,500	—
	—	251,376	251,376	—
<b>MUNICIPAL FUNDING</b>				
City of Vancouver	—	50,000	50,000	—
	—	50,000	50,000	—
<b>NON-GOVERNMENT GRANTS AND CONTRIBUTIONS</b>				
Community Impact Real Estate Society	—	142,782	142,782	—
Embers Eastside Works	—	59,200	59,200	—
VACPC	—	25,128	25,128	—
Other	—	25,763	18,210	7,553
JAL - ticket refund	1,846	—	1,846	—
	1,846	252,873	247,166	7,553
<b>TOTAL</b>	<b>1,846</b>	<b>793,620</b>	<b>787,913</b>	<b>7,553</b>

## 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.

	2023 \$	2022 \$
Balance, beginning of year	6,572	1,196
City of Vancouver DTES capital grant	—	9,858
Amortization revenue	(3,286)	(4,482)
	<b>3,286</b>	<b>6,572</b>

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2023

**8. INTERNALLY RESTRICTED FUND**

The Society has set aside \$169,881 [2022 - \$241,980] as internally restricted. The total amount of \$169,881 [2022 - \$241,980] represents internally restricted funds not available for current expenditures and is allocated as follows:

	2023	2022
	\$	\$
Operational Enhancement and Human Resource Capacity	78,000	78,000
Development and Presentation of Artistic Programming	52,305	52,305
Community Care	39,576	46,634
The DTES Community Land Trust project	—	65,041
	<b>169,881</b>	<b>241,980</b>

**9. IN-KIND CONTRIBUTIONS**

	2023	2022
	\$	\$
City of Vancouver - Video billboard	38,936	77,872
- Bus shelter	36,248	33,436
- Festshare	—	2,568
Rogers - festival promotion	28,000	21,500
Supplies and other	13,024	21,149
The Georgia Straight - advertising	3,380	4,090
<b>Net revenue</b>	<b>119,588</b>	<b>160,615</b>

**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 three years, for base rent only, are as follows:

	\$
2024	13,607
2025	12,473
	<b>26,080</b>

## NOTES TO THE FINANCIAL STATEMENTS

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December 31, 2023

### 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, 2023, the Society had \$Nil outstanding under this facility [2022 - \$Nil]. No interest payments were made under this agreement in 2023 [2022 - \$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, 2023.

#### 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, 2023 [2022 - \$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.

**NOTES TO THE FINANCIAL STATEMENTS**

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December 31, 2023

**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 2023, one [2022 - one] employee was paid \$84,039 [2022 - \$81,607] and one [2022 - one] contractor was paid \$215,112 [2022 - \$219,634]. The Society pays no remuneration to its directors.

In 2023 total wages and benefits paid to employees was \$363,652 [2022 - \$336,561].

**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.