

SATURNA RECREATION CENTRE SOCIETY

Saturna Island, British Columbia

FINANCIAL STATEMENTS

Year Ended June 30, 2010

SATURNA RECREATION CENTRE SOCIETY
(Incorporated Under The Society Act of British Columbia)

FINANCIAL STATEMENTS

Year Ended June 30, 2010

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AUDITORS' REPORT

To the Members of
Saturna Recreation Centre Society

We have audited the statement of financial position for Saturna Recreation Centre Society as at June 30, 2010 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to donation revenue, assets and net assets.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations referred to in the preceding paragraph, these financial statements present fairly the financial position of the Society as at June 30, 2010, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. These have been applied on a basis consistent with that of the preceding year, as required by the Society Act of British Columbia.

Cowland Paterson + Co.

Sidney, British Columbia
September 9, 2010

PROFESSIONAL ACCOUNTANTS

SATURNA RECREATION CENTRE SOCIETY
Statement of Financial Position
June 30, 2010

	Operating Fund	Capital Fund	Gaming Fund	2010 Total	2009 Total
ASSETS					
Current					
Cash and cash equivalents	\$ 152,853	\$ -	\$ 22,007	\$ 174,860	\$ 171,031
GST receivable	430	-	-	430	464
Accounts receivable	-	-	-	-	7,450
Prepaid expenses	<u>3,735</u>	<u>-</u>	<u>-</u>	<u>3,735</u>	<u>3,870</u>
Total current	157,018	-	22,007	179,025	182,815
Capital (Note 4 and 6)	<u>-</u>	<u>2,004,973</u>	<u>-</u>	<u>2,004,973</u>	<u>2,079,817</u>
	<u>\$ 157,018</u>	<u>\$ 2,004,973</u>	<u>\$ 22,007</u>	<u>\$ 2,183,998</u>	<u>\$ 2,262,632</u>
LIABILITIES					
Current					
Accounts payable	<u>\$ 6,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,041</u>	<u>\$ 5,579</u>
Deferred revenue (Note 7)	<u>-</u>	<u>395,339</u>	<u>-</u>	<u>395,339</u>	<u>400,627</u>
Net assets					
Non-Restricted funds	40,977	-	-	40,977	18,664
Restricted funds (Note 2b)	<u>110,000</u>	<u>1,609,634</u>	<u>22,007</u>	<u>1,741,641</u>	<u>1,837,762</u>
	<u>150,977</u>	<u>1,609,634</u>	<u>22,007</u>	<u>1,782,618</u>	<u>1,856,426</u>
	<u>\$ 157,018</u>	<u>\$ 2,004,973</u>	<u>\$ 22,007</u>	<u>\$ 2,183,998</u>	<u>\$ 2,262,632</u>

Approved by the Board:

_____ Director

_____ Treasurer

SATURNA RECREATION CENTRE SOCIETY
Statement of Operations and Changes in Net Assets
Year Ended June 30, 2010

	Operating Fund	Capital Fund	Gaming Fund	2010 Total	2009 Total
Revenue					
Donations	\$ 6,235	\$ -	\$ -	\$ 6,235	\$ 32,438
Rental revenue (Note 7)	19,673	-	-	19,673	21,062
Membership fees	5,294	-	-	5,294	4,642
Medical clinic income	5,000	-	-	5,000	5,000
Fund raising	10,160	-	-	10,160	4,997
Interest	128	-	23	151	1,163
Other Income	2,904	-	-	2,904	5,186
Total Revenue	<u>49,394</u>	<u>-</u>	<u>23</u>	<u>49,417</u>	<u>74,488</u>
Expenses					
Audit and legal fees	6,637	-	-	6,637	8,969
Bank charges	104	-	-	104	57
Contract labour and WCB	6,029	-	-	6,029	5,690
Donations transferred (Note 2b)	-	-	-	-	80,503
Fundraising costs	5,977	-	-	5,977	4,177
Insurance	9,170	-	-	9,170	9,115
Office and miscellaneous	463	-	-	463	1,106
Repairs and maintenance	11,149	-	-	11,149	5,273
Telephone	1,033	-	-	1,033	1,074
Utilities	7,818	-	-	7,818	9,810
Amortization of capital assets	-	74,844	-	74,844	78,607
	<u>48,380</u>	<u>74,844</u>	<u>-</u>	<u>123,224</u>	<u>204,381</u>
Excess (deficiency) of revenue over expenses	1,014	(74,844)	23	(73,807)	(129,893)
Net assets, beginning of year	153,665	1,679,189	23,571	1,856,425	1,986,319
Transfer between funds	<u>(3,702)</u>	<u>5,289</u>	<u>(1,587)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 150,977</u>	<u>\$ 1,609,634</u>	<u>\$ 22,007</u>	<u>\$ 1,782,618</u>	<u>\$ 1,856,426</u>

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2010

1. PURPOSE OF THE SOCIETY

Saturna Recreation Centre Society (The "Society") is incorporated under the Society Act of British Columbia as a not-for-profit organization. As a non-profit organization, the Society is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act.

The purposes of the Society are:

- a) To identify the recreational, cultural and health needs and interests of the community;
- b) To organize, administer and coordinate appropriate recreation opportunities for all ages in the community on a year-round basis;
- c) To assist already established recreation groups and programs; and
- d) To obtain and manage the necessary finances, personnel and equipment to operate community recreation programs and facilities.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Capital Assets (See also Note 6)

Amortization is provided for on a declining balance basis over the estimated life of the asset as indicated in Note 4. In the year of acquisition or completion, one half of the regular amortization is charged.

b) Fund Accounting

The Society follows the restricted fund method of accounting for contributions.

The Operating Fund reports revenue, expenses and monetary resources related to the Society's program delivery and administrative activities. Within the Operating Fund, \$110,000 has been internally restricted by the Board of Directors, for the purpose of setting up an investment with the Vancouver Foundation. An amount of \$25,000 has previously been invested with the Vancouver Foundation.

The Capital Fund reports all land and building costs incurred to date for the purpose of building a new recreational facility for the community of Saturna Island. Within the Capital Fund, donations were being accepted for the purpose of building a structure to house the ambulance. The Society transferred \$80,503 of these restricted donations in June 2009 to Saturna Island Fire Protection Society to build an ambulance facility for Saturna Island Rescue.

The Gaming Fund reports the revenue, expenses and monetary resources whose use is restricted to those permitted by the British Columbia Gaming Commission.

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue Recognition

Unrestricted contributions are recorded as revenue of the Operating Fund in the year received or receivable if the amount can be estimated and collection is reasonably assured.

Restricted contributions are recorded as revenue in the year receivable.

d) Donated Materials, Services and Property

Donated materials, services and property are recognized only when their fair value can be reasonably estimated and the materials and services would be paid for by the Society if not donated.

During the year ended June 30, 2010 the value of donated materials, services and property recorded in the accounts was \$ NIL (2009 - \$NIL).

e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

Financial Risk

The Society's financial instruments consist of cash, receivables and accounts payable, the fair value of which approximates their carrying value.

4. PROPERTY, PLANT & EQUIPMENT

	Rate	Cost	Accumulated Amortization	2010 Net	2009 Net
Land		\$ 271,661	\$ -	\$ 271,661	\$ 271,661
Buildings	4%	2,102,158	382,240	1,719,918	1,791,580
Outbuilding	10%	2,965	1,760	1,205	1,339
Equipment	20%	<u>33,066</u>	<u>20,877</u>	<u>12,189</u>	<u>15,237</u>
		<u>\$ 2,409,850</u>	<u>\$ 404,877</u>	<u>\$ 2,004,973</u>	<u>\$ 2,079,817</u>

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2010

4. CAPITAL ASSETS (CONTINUED)

The building costs are allocated into three areas:

a) Recreation Centre

The recreation centre consists of a banquet hall, gymnasium, performance stage, bar/lounge and a medical clinic. The Society retains ownership of the land and building. Funding for the construction of the recreation centre was from donations and government grants, primarily a Canada/British Columbia Infrastructure Program (CBCIP) grant. (See Note 6).

b) Medical Clinic

The medical clinic portion of the building was funded by donations, and is leased to another group.

c) Parks Canada Office

An office building for Parks Canada is constructed on the same property as the recreation centre. The Society retains ownership of this building and the land. The lease amount consists of the approximate cost of the associated land and the actual costs associated with constructing the building. (See Note 7).

The costs have been allocated as follows:

	Land	Building
Recreation Centre	\$ 161,661	\$ 1,813,223
Medical Clinic	-	99,750
Parks Canada Office	<u>110,000</u>	<u>189,185</u>
	<u>\$ 271,661</u>	<u>\$ 2,102,158</u>

5. STATEMENT OF CHANGES IN CASH FLOW

A statement of changes in cash flow has not been included as it would not provide additional useful information and is not considered meaningful in the circumstances.

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2010

6. CANADA/BRITISH COLUMBIA INFRASTRUCTURE PROGRAM GRANT

In May 2003 the Society was approved for a Canada/British Columbia Infrastructure Program (CBCIP) grant and as of June 30, 2006, the Society had received the full amount expected from the grant in the amount of \$1,108,878. Upon completion of the environmental assessment due diligence, a contract was signed between the Society and the Government of British Columbia, for the purpose of building a recreation centre. The CBCIP grant could only be used for the recreation centre portion of the building.

7. RENTAL REVENUE

PARKS CANADA LEASE

The Society has entered into a lease with Parks Canada. The term is for 80 years commencing March 1, 2005. The Society received \$423,130 of rent for the 80 year term. As of June 30, 2010, the balance of \$395,339 represents prepaid rent. Parks Canada is responsible for its share of annual operating costs.

SATURNA ISLAND FIRE PROTECTION SOCIETY (SIFPS) LEASE & FACILITY FEE

The Society has entered into a lease with SIFPS. The term is for 50 years commencing January 1, 2009. The leased premises shall be used and occupied only for the provision of community and emergency services. The annual lease fee is \$50.00.

As part of the agreement, the SIFPS will also pay an annual facility service fee of \$5,000.00.

The 2010 Rental Revenue is composed of the following:

Parks Canada Annual Lease	\$ 5,289
Parks Canada fee for operating costs	5,234
SIFPS Annual Lease	50
SIFPS facility service fee	5,000
Other small rental groups	<u>4,100</u>
	<u>\$ 19,673</u>

8. INVESTMENT WITH VANCOUVER FOUNDATION

This fund was initiated with \$25,000. The investment with the Vancouver Foundation is included on the Statement of Financial Position with the Cash and cash equivalents at its original cost of \$25,000. The market value as at June 30, 2010 is \$22,106 (market value as at June 30, 2009 was \$21,580).