

SATURNA RECREATION CENTRE SOCIETY

Financial Statements

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

SATURNA RECREATION CENTRE SOCIETY

Index to Financial Statements

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

| | Page |
|--|-------|
| NOTICE TO READER | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 2 |
| Statement of Revenues and Expenditures | 3 |
| Statement of Changes in Net Assets | 4 |
| Notes to Financial Statements | 5 - 8 |



Chris Cowland, CPA, CA

Cowland & Associates
#7 - 9764 Fifth St. Sidney V8L 2X2

phone: 778-351-3737
email: admin@sidneycpa.com
website: www.sidneycpa.com

NOTICE TO READER

On the basis of information provided by management, we have compiled the statement of financial position of Saturna Recreation Centre Society as at June 30, 2017 and the statements of revenues and expenditures and changes in net assets for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Cowland + Associates.

Sidney, British Columbia
October 2, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

SATURNA RECREATION CENTRE SOCIETY

Statement of Financial Position

June 30, 2017

(Unaudited - See Notice To Reader)

| | 2017 | 2016 |
|------------------------------------|----------------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 164,461 | \$ 178,114 |
| Goods and services tax recoverable | 445 | - |
| Prepaid expenses | 3,891 | 3,891 |
| | <u>168,797</u> | 182,005 |
| CAPITAL ASSETS (Note 3) | <u>1,574,566</u> | 1,628,089 |
| | <u>\$ 1,743,363</u> | <u>\$ 1,810,094</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 3,842 | \$ 3,216 |
| Goods and services tax payable | - | 513 |
| | <u>3,842</u> | 3,729 |
| NET ASSETS | | |
| Deferred income (Note 5) | 358,314 | 363,603 |
| Operating fund (Note 2b) | 164,955 | 178,277 |
| Capital fund | 1,216,252 | 1,264,485 |
| | <u>1,739,521</u> | 1,806,365 |
| | <u>\$ 1,743,363</u> | <u>\$ 1,810,094</u> |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

SATURNA RECREATION CENTRE SOCIETY
Statement of Revenues and Expenditures
Year Ended June 30, 2017
(Unaudited - See Notice To Reader)

| | 2017 | 2016 |
|--|--------------------|--------------------|
| REVENUES | | |
| Donations | \$ 17,171 | \$ 22,179 |
| Fundraising | 9,647 | 15,928 |
| Interest income | 1,487 | 1,643 |
| Membership fees | 6,225 | 5,430 |
| Rental revenue <i>(Note 5)</i> | 23,531 | 26,022 |
| | <u>58,061</u> | <u>71,202</u> |
| EXPENDITURES | | |
| Accounting and legal fees | 2,215 | 2,125 |
| Contract labour and WCB | 7,121 | 7,263 |
| Fundraising costs | 7,665 | 16,624 |
| Insurance | 9,570 | 9,458 |
| Interest and bank charges | 111 | 100 |
| Office | 1,976 | 2,309 |
| Repairs and maintenance | 21,828 | 6,107 |
| Sports equipment | - | 141 |
| Telephone | 1,297 | 1,255 |
| Utilities | 12,910 | 11,748 |
| | <u>64,693</u> | <u>57,130</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS | (6,632) | 14,072 |
| OTHER INCOME (EXPENSES) | | |
| Amortization of capital assets | (54,923) | (57,327) |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | \$ (61,555) | \$ (43,255) |

SATURNA RECREATION CENTRE SOCIETY

Statement of Changes in Net Assets

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

| | Operating Fund | Capital Fund | 2017 | 2016 |
|---|-------------------|-----------------|---------------------|--------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 178,277 | \$ 1,264,485 | \$ 1,442,762 | \$ 1,486,017 |
| Capital Asset Amortization during the year | 54,923 | (54,923) | - | - |
| Transfer between funds | (6,690) | 6,690 | - | - |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (61,555) | - | (61,555) | (43,255) |
| NET ASSETS - END OF YEAR | \$ 164,955 | \$ 1,216,252 | \$ 1,381,207 | \$ 1,442,762 |

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

1. PURPOSE OF SOCIETY

Saturna Recreation Centre Society (the "Society") is incorporated under the Society Act of British Columbia as a non-for-profit organization. As a non-profit organization, the Society is exempt from income tax under paragraph 149(1) of the income tax act.

The purposes of the Society are:

- a) To identify the recreational, cultural and health needs and interest 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

Saturna Recreation Centre 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 \$119,402 has been internally restricted by the Board of Directors for the purpose of maintaining a contingency fund. The Cash and cash equivalents account includes an amount of \$25,000 that was previously invested with the Vancouver Foundation.

The Capital Fund reports all land and building costs incurred to date.

b) Revenue recognition

Restricted contributions are recognized as revenue in the year receivable.

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

c) Donated Materials, Services and Property

Donated materials, services and property are recognized only when their fair market value can be reasonably estimated and the materials and services would be paid for by the Society if not donated. During the year 2017 the value of donated materials, services and property recorded in the accounts was \$1,400 (2016 - \$3,140).

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

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

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

| | | |
|----------------|-----|--------------------------|
| Land | | non-depreciable |
| Buildings | 4% | declining balance method |
| Equipment | 20% | declining balance method |
| Art Collection | | non-depreciable |

In the year of acquisition or completion, one half of the regular amortization is charged.

3. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2017 Net book value | 2016 Net book value |
|----------------|---------------------|-----------------------------|------------------------------------|---------------------------|
| Land | \$ 271,651 | \$ - | \$ 271,651 | \$ 271,651 |
| Buildings | 2,102,158 | 809,730 | 1,292,428 | 1,346,279 |
| Equipment | 35,231 | 32,674 | 2,557 | 3,629 |
| Art Collection | 7,930 | - | 7,930 | 6,530 |
| | \$ 2,416,970 | \$ 842,404 | \$ 1,574,566 | \$ 1,628,089 |

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

4. CAPITAL ASSETS - LAND & BUILDING

| | <u>Land</u> | <u>Building</u> |
|---------------------|-------------------|---------------------|
| Recreation Centre | \$ 161,651 | \$ 1,813,223 |
| Medical Centre | - | 99,750 |
| Parks Canada Office | 110,000 | 189,185 |
| | <u>\$ 271,651</u> | <u>\$ 2,102,158</u> |

The costs were historically allocated per above.

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 in 2005.

b) Medical Clinic

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

c) Parks Canada Office

An office building for Parks Canada is located 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.

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements

Year Ended June 30, 2017

(Unaudited - See Notice To Reader)

5. RENTAL REVENUE

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Rental revenue is composed of the following: | | |
| Parks Canada - Annual Lease | \$ 5,289 | \$ 5,289 |
| Parks Canada - triple net | 5,000 | 5,000 |
| SIFPS facility service fee | 5,000 | 5,000 |
| Rental income - other | 8,242 | 10,483 |
| | <u>\$ 23,531</u> | <u>\$ 25,772</u> |

PARKS CANADA LEASE

The Society has entered into a lease with Parks Canada for a term of 80 years commencing March 1, 2005. The Society received \$423,130 of rent for the 80 year term which is being recorded over the term at \$5,289 per year. As of June 30, 2017, the balance of \$358,314 (June 30, 2016 - \$363,603) represents prepaid rent. Parks Canada is responsible for its share of annual operating costs referred to as triple net. This year the operating cost was \$5,000. (2016 - \$5,000)

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

The Society has entered into a lease with SIFPS with a term of 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. As part of the agreement, the SIFPS will also pay an annual facility service fee of \$5,000.

6. 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 within Cash and cash equivalents at its original cost of \$25,000. The market value as at June 30, 2017 is \$30,130 (market value as at June 30, 2016 was \$29,705).