

SATURNA RECREATION CENTRE SOCIETY

Saturna Island, British Columbia

UNAUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2016

SATURNA RECREATION CENTRE SOCIETY

(Incorporated Under The Society Act of British Columbia)

UNAUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2016

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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, 2016 and the Statement of Operations 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 31, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

SATURNA RECREATION CENTRE SOCIETY

Statement of Financial Position
 Unaudited - See Notice to Reader
 June 30, 2016

| | Operating Fund | Capital Fund | Gaming Fund | 2016 Total | 2015 Total |
|----------------------------|--------------------------|----------------------------|--------------------|----------------------------|----------------------------|
| ASSETS | | | | | |
| Current | | | | | |
| Cash and cash equivalents | \$ 178,114 | \$ - | \$ - | \$ 178,114 | \$ 169,189 |
| Prepaid expenses | <u>3,891</u> | <u>-</u> | <u>-</u> | <u>3,891</u> | <u>3,891</u> |
| Total current | <u>182,005</u> | <u>-</u> | <u>-</u> | <u>182,005</u> | <u>173,080</u> |
| Capital Assets (Note 3) | <u>-</u> | <u>1,628,089</u> | <u>-</u> | <u>1,628,089</u> | <u>1,685,416</u> |
| | <u>\$ 182,005</u> | <u>\$ 1,628,089</u> | <u>\$ -</u> | <u>\$ 1,810,094</u> | <u>\$ 1,858,496</u> |
| LIABILITIES | | | | | |
| Current | | | | | |
| Accounts payable | \$ 3,215 | \$ - | \$ - | \$ 3,215 | \$ 3,138 |
| GST payable | <u>513</u> | <u>-</u> | <u>-</u> | <u>513</u> | <u>448</u> |
| Total current | <u>3,728</u> | <u>-</u> | <u>-</u> | <u>3,728</u> | <u>3,586</u> |
| Deferred revenue (Note 4) | <u>-</u> | <u>363,604</u> | <u>-</u> | <u>363,604</u> | <u>368,893</u> |
| Net assets | | | | | |
| Non-Restricted funds | 59,343 | - | - | 59,343 | 51,312 |
| Restricted funds (Note 2b) | <u>118,934</u> | <u>1,264,485</u> | <u>-</u> | <u>1,383,419</u> | <u>1,434,705</u> |
| | <u>178,277</u> | <u>1,264,485</u> | <u>-</u> | <u>1,442,762</u> | <u>1,486,017</u> |
| | <u>\$ 182,005</u> | <u>\$ 1,628,089</u> | <u>\$ -</u> | <u>\$ 1,810,094</u> | <u>\$ 1,858,496</u> |

Approved by the Board:

_____ Director
 _____ Treasurer

See notes to financial statements.

SATURNA RECREATION CENTRE SOCIETY
Statement of Operations and Changes in Net Assets
Unaudited - See Notice to Reader
Year Ended June 30, 2016

| | Operating Fund | Capital Fund | Gaming Fund | 2016 Total | 2015 Total |
|--|--------------------------|----------------------------|--------------------|----------------------------|----------------------------|
| Revenue | | | | | |
| Donations | \$ 22,179 | \$ - | \$ - | \$ 22,179 | \$ 8,337 |
| Fundraising | 15,928 | - | - | 15,928 | 13,892 |
| Medical clinic income | 5,250 | - | - | 5,250 | 5,000 |
| Membership fees | 5,430 | - | - | 5,430 | 5,845 |
| Rental revenue (Note 4) | 20,772 | - | - | 20,772 | 24,455 |
| Interest income | <u>1,643</u> | - | - | <u>1,643</u> | <u>1,666</u> |
| Total Revenue | <u>71,202</u> | - | - | <u>71,202</u> | <u>59,195</u> |
| Expenses | | | | | |
| Accounting and legal fees | 2,125 | - | - | 2,125 | 2,050 |
| Bank charges | 100 | - | - | 100 | 189 |
| Contract labour and WCB | 7,263 | - | - | 7,263 | 7,510 |
| Fundraising costs | 16,624 | - | - | 16,624 | 10,944 |
| Insurance | 9,458 | - | - | 9,458 | 9,122 |
| Office and miscellaneous | 2,309 | - | - | 2,309 | 1,693 |
| Repairs and maintenance | 6,107 | - | - | 6,107 | 4,595 |
| Sports equipment | 141 | - | - | 141 | 2,357 |
| Telephone | 1,255 | - | - | 1,255 | 1,232 |
| Utilities | 11,748 | - | - | 11,748 | 10,950 |
| Amortization of capital assets | <u>-</u> | <u>57,327</u> | - | <u>57,327</u> | <u>59,863</u> |
| | <u>57,130</u> | <u>57,327</u> | - | <u>114,457</u> | <u>110,505</u> |
| Excess (deficiency) of revenue over expenses | 14,072 | (57,327) | - | (43,255) | (51,310) |
| Net assets, beginning of year | 169,494 | 1,316,523 | - | 1,486,017 | 1,537,327 |
| Transfer between funds | <u>(5,289)</u> | <u>5,289</u> | - | - | - |
| Net assets, end of year | <u>\$ 178,277</u> | <u>\$ 1,264,485</u> | <u>\$ -</u> | <u>\$ 1,442,762</u> | <u>\$ 1,486,017</u> |

See notes to financial statements.

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements
Unaudited - See Notice to Reader
Year Ended June 30, 2016

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

Amortization is provided for on a declining balance basis over the estimated life of the asset as indicated in Note 3. 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, \$118,934 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.

The Gaming Fund reported the revenue, expenses and monetary resources whose use was restricted to those permitted by the British Columbia Gaming Commission. This fund was inactive during the fiscal period.

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements
Unaudited - See Notice to Reader
Year Ended June 30, 2016

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, 2016 the value of donated materials, services and property recorded in the accounts was \$3,140 (2015 - \$ NIL).

3. CAPITAL ASSETS

| | Rate | Cost | Accumulated Amortization | 2016 Net | 2015 Net |
|----------------|------|---------------------|-----------------------------|---------------------|---------------------|
| Land | | \$ 271,651 | \$ - | \$ 271,651 | \$ 271,651 |
| Buildings | 4% | 2,102,158 | 755,879 | 1,346,279 | 1,402,374 |
| Equipment | 20% | 35,231 | 31,602 | 3,629 | 4,861 |
| Art Collection | | <u>6,530</u> | <u>-</u> | <u>6,530</u> | <u>6,530</u> |
| | | <u>\$ 2,415,570</u> | <u>\$ 787,481</u> | <u>\$ 1,628,089</u> | <u>\$ 1,685,416</u> |

SATURNA RECREATION CENTRE SOCIETY

Notes to Financial Statements
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3. CAPITAL ASSETS (Continued)

The building costs were 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 in 2005.

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 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. (See Note 4)

The costs were historically allocated as follows:

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

SATURNA RECREATION CENTRE SOCIETY

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4. RENTAL REVENUE

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.

As of June 30, 2016, the balance of \$363,604 (June 30, 2015 - \$368,893) 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 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.

The 2016 Rental Revenue is composed of the following:

| | | |
|----------------------------|----|---------------|
| Parks Canada annual lease | \$ | 5,289 |
| SIFPS facility service fee | | 5,000 |
| Other rental fees | | <u>10,483</u> |
| | \$ | <u>20,772</u> |

5. 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, 2016 is \$29,705 (market value as at June 30, 2015 was \$29,529).