

**KERRISDALE COMMUNITY CENTRE SOCIETY**

**FINANCIAL STATEMENTS**

**AUGUST 31, 1998**

# JOHANNESSEN McWILLIAMS

CHARTERED ACCOUNTANTS

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## AUDITORS' REPORT

To the Directors of  
Kerrisdale Community Centre Society

We have audited the balance sheet of Kerrisdale Community Centre Society as at August 31, 1998 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 1998 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis.

Vancouver, B.C.  
October 30, 1998



Chartered Accountants


**KERRISDALE COMMUNITY CENTRE SOCIETY  
BALANCE SHEET  
AUGUST 31, 1998**

	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 69,832	\$ 145,422
Temporary investments	552,638	402,700
Accounts receivable	12,356	21,916
Prepaid expenses	9,249	10,144
	644,075	580,182
<b>Capital Assets (Notes 2 &amp; 3)</b>	59,967	51,850
	\$ 704,042	\$ 632,032
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals (Note 4)	\$ 124,157	\$ 127,816
Due to Board of Parks and Recreation, City of Vancouver (Note 5)	27,905	36,618
Deferred revenue (Note 2)	90,483	91,742
Deferred renovation campaign contributions and related investment income (Note 6)	148,771	89,323
	391,316	345,499
<b>NET ASSETS</b>		
<b>Invested in capital assets</b>	59,967	51,850
<b>Restricted for Seniors Centre</b>	80,309	83,303
<b>Restricted for renovation and computer network purposes (Note 7)</b>	9,973	16,085
<b>Unrestricted</b>	162,477	135,295
	312,726	286,533
	\$ 704,042	\$ 632,032

**Commitments (Note 8)**

**Approved by the Directors**

 Director

 Director

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED AUGUST 31, 1998**

	<u>1998</u>	<u>1997</u>
<b>Revenue</b>		
Activities	\$ 714,524	\$ 646,076
Building rentals	30,465	37,157
Donations and fundraising	15,232	22,934
Interest	14,956	23,603
Kitchen	65,013	62,098
Membership dues	42,933	43,358
	883,123	835,226
<b>Expenses</b>		
Activities	463,060	451,217
Amortization of capital assets	32,440	23,817
Bank charges	10,520	9,697
Kitchen	70,827	65,571
Postage, printing and stationery	9,156	8,060
Programs and news letters	43,451	38,505
Sundries	9,149	11,571
Wages and employee benefits	218,327	212,941
	856,930	821,379
<b>Net Income</b>	\$ 26,193	\$ 13,847

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
AUGUST 31, 1998**

	Investments in Capital Assets	Restricted For Seniors Centre Purposes	Restricted For Renovations and Computer Network Purposes	Unrestricted	Total 1998	Total 1997
Balance, August 31, 1997	\$ 51,850	\$ 83,303	\$ 16,085	\$ 135,295	\$ 286,533	\$ 272,686
Net income	(32,440)	5,391	-	53,242	26,193	13,847
Investment in capital assets	40,557	(8,385)	-	(32,172)	-	-
Transfer of funds held for computer network purposes	-	-	(6,112)	6,112	-	-
Balance, August 31, 1998	\$ 59,967	\$ 80,309	\$ 9,973	\$ 162,477	\$ 312,726	\$ 286,533

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 1998**

	<u>1998</u>	<u>1997</u>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 26,193	\$ 13,847
Item not involving cash		
Amortization of capital assets	32,440	23,817
	58,633	37,664
Net change in non-cash working capital	(3,176)	68,914
Net cash provided by operating activities	55,457	106,578
<b>Financing and Investing Activities</b>		
Purchase of capital assets	(40,557)	(45,070)
Increase in cash contributions from the renovation campaign less related expenses paid	56,394	88,637
Income received on renovation campaign investments	3,054	686
Net cash provided by financing and investing activities	18,891	44,253
<b>Increase in Cash</b>	74,348	150,831
<b>Cash, beginning</b>	548,122	397,291
<b>Cash, ending</b>	\$ 622,470	\$ 548,122
<b>Cash Represented by:</b>		
Cash	\$ 69,832	\$ 145,422
Temporary investments	552,638	402,700
	\$ 622,470	\$ 548,122

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 1998**

**1. Purpose of the Organization**

The Kerrisdale Community Centre Society was incorporated under the Society Act of British Columbia as a Not for Profit organization and is a registered charity under the Canadian Income Tax Act. The objectives of the Society are to promote and provide education, recreational, athletic and social activities, facilities and equipment for the use and benefit of the community. The Society carries out these objectives through the operation of the Kerrisdale Community Centre pursuant to a joint operating agreement with the Board of Parks and Recreation, City of Vancouver.

**2. Significant Accounting Policies**

The following is a summary of significant accounting policies of the Society:

- **Financial Instruments**

The Society's financial instruments consist of cash, temporary investments, accounts receivable and payable, deferred revenue and deferred renovation campaign contributions. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values, unless otherwise noted.

- **Revenue Recognition**

The Kerrisdale Community Centre Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Membership dues are taken into income on a pro rata basis over the term of the membership. All memberships expire on August 31 each year.

- **Capital Assets**

Purchased capital assets are recorded at cost. Amortization is provided on a straight line basis over the assets estimated useful life as follows:

Computer software and equipment	- 3 years
Furniture, fixtures and equipment	- 5 years

Full amortization is taken in the year of acquisition.

- **Investments**

Investments are recorded at the lower of cost and market value.

**KERRISDALE COMMUNITY CENTRE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 1998**

**2. Significant Accounting Policies (Cont'd)**

- Deferred Revenue

Deferred revenue represents the unearned portion of amounts received during the year for memberships and activities which will commence after the year end.

- Use of Kerrisdale Community Centre

The Board of Parks and Recreation, City of Vancouver has the control, care and maintenance of the building situated at 5851 West Boulevard, Vancouver, B.C. and have set this building aside for the recreation, comfort and enjoyment of the public.

Use of the Kerrisdale Community Centre building is provided without cost to the Society pursuant to a joint operating agreement with the Board of Parks and Recreation, City of Vancouver. The value of the use of the Kerrisdale Community Centre facilities has not been reflected in these financial statements.

**3. Capital Assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>1998</u>	<u>1997</u>
Computer software and equipment	\$ 50,985	\$ 41,383	\$ 9,602	\$ 22,762
Furniture, fixtures and equipment	77,223	26,858	50,365	29,088
	<u>\$ 128,208</u>	<u>\$ 68,241</u>	<u>\$ 59,967</u>	<u>\$ 51,850</u>

The fair value of capital assets acquired before September 1, 1995 cannot be reasonably determined and management has satisfied itself that these capital assets would have a nominal value due to their remaining useful life.

**4. Accounts Payable and Accruals**

Included in accounts payable is \$83,353 (1997 - \$82,196) which represents funds collected for various activities not included in the income of the Society.

**5. Due to Board of Parks and Recreation, City of Vancouver**

The Society has entered into an arrangement to have the Board of Parks and Recreation, City of Vancouver, pay a number of the Society's employees. The Society has agreed to reimburse a portion of these costs. Management has accrued, \$27,905 (1997 - \$36,618) in these financial statements which is the amount billed to the Society and remaining outstanding at August 31, 1998.



**KERRISDALE COMMUNITY CENTRE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 1998**

**6. Renovation Campaign**

In 1996 the Kerrisdale Community Centre Society launched a renovation campaign to raise funds for major renovations to the Community Centre. The \$148,771 (1997 - \$89,323) deferred renovation campaign contributions less related expenses comprises \$145,031 (1997 - \$88,637) contributed to date net of related expenses and related investment income of \$3,740 (1997 - \$686) which is also externally restricted for renovation purposes.

**7. Restrictions on Net Assets**

The Society's Board of Directors has internally restricted \$9,973 (1997 - \$9,973) of unrestricted net assets to be used for renovation purposes. This internally restricted amount is not available for other purposes without approval of the Board of Directors.

**8. Commitments**

Subsequent to the fiscal year end, the Society entered into a letter agreement whereby it agrees to provide its share of renovation project costs to an interim maximum of \$278,669. This amount is to be paid as follows:

November 15, 1998	\$ 100,000
February 1, 1999	75,000
April 1, 1999	75,000
On satisfactory completion	<u>28,669</u>
	<u>\$ 278,669</u>

**9. Uncertainty Due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of members, suppliers, or other third parties, will be fully resolved.

Management is currently assessing any impact the Year 2000 Issue could have on the Society's normal business operations and will undertake the necessary requirements to ensure its significant business operations are Year 2000 compliant.

**10. Comparative Figures**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.