

KERRISDALE COMMUNITY CENTRE SOCIETY

FINANCIAL STATEMENTS

AUGUST 31, 1999

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, 1999 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, 1999 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 21, 1999



Chartered Accountants

**KERRISDALE COMMUNITY CENTRE SOCIETY
BALANCE SHEET
AUGUST 31, 1999**

| | <u>1999</u> | <u>1998</u> |
|---------------------------------------------------------------------------------------------|-------------|-------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 135,019 | \$ 69,832 |
| Temporary investments | 455,000 | 552,638 |
| Accounts receivable | 14,067 | 12,356 |
| Prepaid expenses | 17,104 | 9,249 |
| | 621,190 | 644,075 |
| Capital Assets (Notes 2 & 3) | 296,422 | 59,967 |
| | \$ 917,612 | \$ 704,042 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accruals (Note 4) | \$ 186,922 | \$ 124,157 |
| Due to Board of Parks and Recreation, City of Vancouver (Note 5) | 79,379 | 27,905 |
| Deferred revenue (Note 2) | 133,257 | 90,483 |
| Deferred renovation campaign contributions and related investment income (Notes 2 and 6) | 202,314 | 148,771 |
| | 601,872 | 391,316 |
| NET ASSETS | | |
| Invested in capital assets | 296,422 | 59,967 |
| Restricted for Seniors Centre purposes | 85,083 | 80,309 |
| Restricted for renovation purposes | - | 9,973 |
| Unrestricted | (65,765) | 162,477 |
| | 315,740 | 312,726 |
| | \$ 917,612 | \$ 704,042 |

Approved by the Directors

_____ Director

_____ Director

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 1999**

| | <u>1999</u> | <u>1998</u> |
|------------------------------------------------------------------------------------|-------------|-------------|
| Revenue | | |
| Activities | \$ 699,272 | \$ 714,524 |
| Amortization of deferred renovation campaign contributions (Note 6) | 49,513 | - |
| Investment income earned on deferred renovation campaign contributions (Note 6) | 1,066 | - |
| Building rentals | 24,153 | 30,465 |
| Donations and fundraising | 13,711 | 15,232 |
| Interest | 16,014 | 14,956 |
| Kitchen | 65,800 | 65,013 |
| Membership dues | 39,615 | 42,933 |
| | 909,144 | 883,123 |
| Expenses | | |
| Activities | 447,322 | 463,060 |
| Amortization of capital assets | 89,390 | 32,440 |
| Bank charges | 10,911 | 10,520 |
| Kitchen | 71,187 | 70,827 |
| Postage, printing and stationery | 7,005 | 9,156 |
| Programs and news letters | 38,612 | 43,451 |
| Sundries | 17,318 | 9,149 |
| Wages and employee benefits | 224,385 | 218,327 |
| | 906,130 | 856,930 |
| Net Income | \$ 3,014 | \$ 26,193 |

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
AUGUST 31, 1999**

| | Invested in Capital Assets | Restricted For Seniors Centre Purposes | Restricted For Renovation Purposes | Unrestricted | Total 1999 | Total 1998 |
|----------------------------------------------------|----------------------------------|----------------------------------------------------|---------------------------------------------|--------------------|-------------------|-------------------|
| Balance, August 31, 1998 | \$ 59,967 | \$ 80,309 | \$ 9,973 | \$ 162,477 | \$ 312,726 | \$ 286,533 |
| Net income | (89,390) | 4,774 | - | 87,630 | 3,014 | 26,193 |
| Investment in capital assets | 325,845 | - | - | (325,845) | - | - |
| Transfer of funds held for renovations purposes | - | - | (9,973) | 9,973 | - | - |
| Balance, August 31, 1999 | <u>\$ 296,422</u> | <u>\$ 85,083</u> | <u>\$ -</u> | <u>\$ (65,765)</u> | <u>\$ 315,740</u> | <u>\$ 312,726</u> |

See accompanying notes.

**KERRISDALE COMMUNITY CENTRE SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 1999**

| | <u>1999</u> | <u>1998</u> |
|-------------------------------------------------------------------------------------------------|-------------|-------------|
| Cash Flows from Operating Activities | | |
| Net income | \$ 3,014 | \$ 26,193 |
| Items not involving cash | | |
| Amortization of capital assets | 89,390 | 32,440 |
| Amortization of deferred renovation campaign contributions related to capital assets | (49,513) | - |
| Investment income earned on deferred renovation campaign contributions | (1,066) | - |
| | 41,825 | 58,633 |
| Net change in non-cash working capital | 147,447 | (3,176) |
| Net cash provided by operating activities | 189,272 | 55,457 |
| Cash Flows from Financing and Investing Activities | | |
| Purchase of capital assets | (325,845) | (40,557) |
| Increase in cash contributions from the renovation campaign less related expenses paid (Note 6) | 104,122 | 56,394 |
| Income received on renovation campaign investments | - | 3,054 |
| Net cash provided (used) by financing and investing activities | (221,723) | 18,891 |
| Increase (Decrease) in Cash | (32,451) | 74,348 |
| Cash, beginning | 622,470 | 548,122 |
| Cash, ending | \$ 590,019 | \$ 622,470 |
| Cash Represented by: | | |
| Cash | \$ 135,019 | \$ 69,832 |
| Temporary investments | 455,000 | 552,638 |
| | \$ 590,019 | \$ 622,470 |

See accompanying notes.

KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1999

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 |
| Building improvements | - 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, 1999

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>1999</u> | <u>1998</u> |
| Building improvements | \$ 318,669 | \$ 63,734 | \$ 254,935 | \$ - |
| Computer software and equipment | 54,375 | 50,838 | 3,537 | 9,602 |
| Furniture, fixtures and equipment | 81,009 | 43,059 | 37,950 | 50,365 |
| | <u>\$ 454,053</u> | <u>\$ 157,631</u> | <u>\$ 296,422</u> | <u>\$ 59,967</u> |

During the year the Society spent an amount of \$318,669 on improvements to the Community Centre building.

4. Accounts Payable and Accruals

Included in accounts payable is \$87,874 (1998 - \$83,353) 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, \$79,379 (1998 - \$27,905) in these financial statements which is the estimated amount to be billed to the Society for the year ended August 31, 1999.

KERRISDALE COMMUNITY CENTRE SOCIETY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 1999

6. Deferred Renovation Campaign Contributions

Deferred renovation campaign contributions represent restricted contributions for building improvements to the Community Centre. The changes in the deferred renovation campaign contributions balance for the year are as follows:

| | <u>1999</u> | <u>1998</u> |
|----------------------------------------------------------------------------------|-------------|-------------|
| Deferred renovation campaign contributions less related expenses, beginning | \$ 145,031 | \$ 88,637 |
| Renovation campaign contributions less related expenses received during the year | 102,533 | 56,394 |
| Amount amortized to revenue during the year | (49,513) | - |
| | 198,051 | 145,031 |
| Investment income restricted for building improvements | 5,329 | 3,740 |
| Investment income recognized as revenue during the year | (1,066) | - |
| Deferred renovation campaign contributions less related expenses, ending | \$ 202,314 | \$ 148,771 |

7. 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.