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**KERRISDALE COMMUNITY CENTRE SOCIETY  
FINANCIAL STATEMENTS  
AUGUST 31, 2012**

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## KERRISDALE COMMUNITY CENTRE SOCIETY

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# JOHANNESSEN & COMPANY

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## CHARTERED ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT

To the Members of the Kerrisdale Community Centre Society:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Kerrisdale Community Centre Society, which comprise the statement of financial position as at August 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

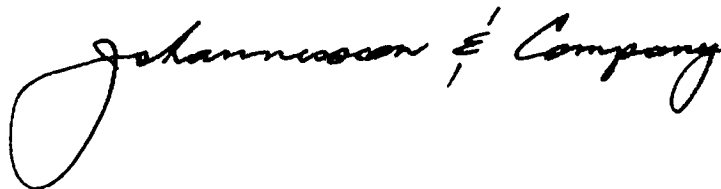
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Kerrisdale Community Centre Society as at August 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.



January 9, 2013  
Burnaby, B.C.

CHARTERED ACCOUNTANTS

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**KERRISDALE COMMUNITY CENTRE SOCIETY**

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**STATEMENT OF FINANCIAL POSITION**

August 31, 2012

	2012	2011
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 333,632	\$ 241,267
Temporary investments (Notes 2 & 5)	587,400	191,800
Accounts receivable	21,350	117,732
Accrued interest receivable	151,545	127,433
Prepaid expenses	18,107	16,960
	1,112,034	695,192
<b>Investments (Notes 2 &amp; 5)</b>	1,064,264	1,337,068
<b>Equipment (Notes 2 &amp; 3)</b>	151,818	200,099
	\$ 2,328,116	\$ 2,232,359

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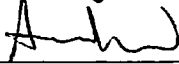
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 288,458	\$ 282,403
Government remittances payable (Note 4)	1,814	4,170
Deferred revenue (Note 2)	250,375	273,986
	540,647	560,559

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<b>NET ASSETS</b>		
<b>Invested In Equipment</b>	151,818	200,099
<b>Unrestricted</b>	1,635,651	1,471,701
<b>Total Net Assets</b>	1,787,469	1,671,800
	\$ 2,328,116	\$ 2,232,359

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Approved by the Executive Committee

 \_\_\_\_\_ President  
 \_\_\_\_\_ Secretary-Treasurer

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**KERRISDALE COMMUNITY CENTRE SOCIETY**

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**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended August 31, 2012**

	<b>Invested in</b>		<b>Total</b>	<b>Total</b>
	<b>Equipment</b>	<b>Unrestricted</b>	<b>2012</b>	<b>2011</b>
<b>Net Assets, Beginning</b>	\$ 200,099	\$ 1,471,701	\$ 1,671,800	\$ 1,609,485
Net income for the year*	(97,706)	213,375	115,669	62,315
Acquisition of equipment	49,425	(49,425)	-	-
<b>Net Assets, Ending</b>	<b>\$ 151,818</b>	<b>\$ 1,635,651</b>	<b>\$ 1,787,469</b>	<b>\$ 1,671,800</b>

\*Footnote: \$(97,706) represents amortization of equipment.

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## KERRISDALE COMMUNITY CENTRE SOCIETY

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### STATEMENT OF OPERATIONS For the year ended August 31, 2012

	2012	2011
<b>Revenue</b>		
Activities - Schedule 1	\$ 663,888	\$ 639,520
Membership dues	115,570	107,997
Interest and investment income	56,850	60,718
Building rentals	31,578	34,666
Sundry income	7,473	8,317
	875,359	851,218
<b>General And Administrative Expenses - Schedule 2</b>	759,690	748,918
<b>Income Before Other Expense</b>	115,669	102,300
<b>Other Expense</b>		
Contribution to Park Board Budget Shortfall	-	24,635
Facilities expansion planning	-	15,350
	-	39,985
<b>Net Income</b>	\$ 115,669	\$ 62,315

**KERRISDALE COMMUNITY CENTRE SOCIETY**

**STATEMENT OF CASH FLOWS**  
For the year ended August 31, 2012

	2012	2011
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 115,669	\$ 62,315
Items not involving cash:		
Amortization of equipment	97,706	93,846
	213,375	156,161
Changes in non-cash working capital items:		
Temporary investments	(395,600)	295,000
Accounts receivable	96,382	2,017
Accrued interest receivable	(24,112)	(41,339)
Prepaid expenses	(1,147)	584
Accounts payable and accrued liabilities	6,055	50,565
Government remittances payable	(2,356)	(3,476)
Deferred revenue	(23,611)	(23,414)
Net cash (used) provided by operating activities	(131,014)	436,098
<b>Cash Flows From Investing Activities</b>		
Purchase of equipment	(49,425)	(65,048)
Disposition (acquisition) of investments	272,804	(313,722)
Net cash provided (used) by investing activities	223,379	(378,770)
<b>Increase In Cash And Cash Equivalents</b>	92,365	57,328
<b>Cash And Cash Equivalents, Beginning</b>	241,267	183,939
<b>Cash And Cash Equivalents, Ending</b>	\$ 333,632	\$ 241,267

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## KERRISDALE COMMUNITY CENTRE SOCIETY

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### NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012

#### 1. Purpose of the Organization

The Kerrisdale Community Centre Society (the "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. Summary of Significant Accounting Policies

The financial statements of the Society have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for not-for-profit organizations and include the following significant accounting policies:

- Cash and cash equivalents

Cash and cash equivalents consists of cash and highly liquid investments with terms to maturity period of three months or less from the date of acquisition.

- Financial instruments

All financial assets and financial liabilities are initially recognized at fair value. Measurement in subsequent periods is dependent upon the classification of each instrument. All financial assets are classified as either held for trading, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities are classified as either held for trading or other liabilities.

Financial assets and financial liabilities held for trading are measured at fair value, with the changes in fair value reported in the statement of operations. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held for trading are measured at amortized cost using the effective interest method. Available-for-sale financial assets are measured at fair value with unrealized gains and losses, recognized as changes in net assets until the financial asset is disposed of or becomes impaired.

The Society has elected to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

The categories of the Society's financial assets and liabilities are as follows:

#### Financial Assets

(i) Held for trading:

Cash and cash equivalents are designated as held for trading and recorded at fair value.

(ii) Held-to-maturity:

Investment in deposit notes and guaranteed investment certificates are designated as held-to-maturity and measured at amortized cost using the effective interest method.



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## KERRISDALE COMMUNITY CENTRE SOCIETY

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### NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012

#### 2. Summary of Significant Accounting Policies (Continued)

(iii) Loans and receivables:

Amounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

Financial Liabilities

(iv) Other financial liabilities:

Accounts payable and accrued liabilities and deferred revenue are recorded at amortized cost and approximate their fair value due to relatively short periods to maturity.

- Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the estimated useful life of the asset as follows:

Computer software and equipment	- 3 years
Furniture, fixture and equipment	- 5 years
Passenger vehicles	- 5 years

Full amortization is taken in the year of acquisition.

- 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.

- 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 related expenses are incurred. Unrestricted investment income is recognized as revenue when earned. Membership dues are taken into income on pro rata basis over the term of the membership. All memberships expire on August 31 each year.

- Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of differences from actual results or changes in such estimates in future periods could be significant.

# KERRISDALE COMMUNITY CENTRE SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS AUGUST 31, 2012

### 2. Summary of Significant Accounting Policies (Continued)

- 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.

- Future changes in accounting framework:

The Society is classified as a not-for-profit organization. In December 2010, the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("AcSB") released the accounting standards impacting the future financial reporting framework for not-for-profit organizations. These standards are effective for years beginning on or after January 1, 2012. Organizations have an option to early adopt these new standards.

Under the new accounting standards issued by the AcSB, not-for-profit organizations will apply the Accounting Standards for Not-for-Profit Organizations contained in Part III of the CICA Handbook Accounting. For topics not specifically addressed in Part III, not-for-profit organizations will use Part II: Accounting Standards for Private Enterprises of the CICA Handbook-Accounting.

Not-for-Profit organizations also have the option of adopting International Financial Reporting Standards. The Society has elected to adopt the Accounting Standards for Not-for-Profit Organizations and is in the process of reviewing the potential impact of the new standards.

### 3. Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2012	2011
Computer software and equipment	\$ 142,116	\$ 137,917	\$ 4,199	\$ 3,144
Furniture, fixtures and equipment	1,026,334	878,715	147,619	196,955
Passenger vehicles	116,907	116,907	-	-
	\$ 1,285,357	\$ 1,133,539	\$ 151,818	\$ 200,099

### 4. Government Remittances Payable

	2012	2011
HST payable	\$ 129	\$ 2,425
WorkSafe B.C. premium payable	1,685	1,745
	\$ 1,814	\$ 4,170

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**KERRISDALE COMMUNITY CENTRE SOCIETY**

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**NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2012**

**5. Investments**

	<u>Amortized Cost</u>	
	2012	2011
Deposit Notes	\$ 100,000	\$ 100,000
Guaranteed Investment Certificates	1,551,275	1,428,200
Unamortized premium	389	668
	1,651,664	1,528,868
<u>Less: Temporary Investments maturing within one year</u>	<u>(587,400)</u>	<u>(191,800)</u>
	<u>\$ 1,064,264</u>	<u>\$ 1,337,068</u>

**6. Financial Instruments**

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

**7. Cash Inflows And Outflows From Interest**

	2012	2011
Cash Inflows		
Interest income	\$ 32,738	\$ 19,378

**8. Comparative Figures**

Certain comparative figures have been changed to conform with the presentation adopted for the current year.

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**KERRISDALE COMMUNITY CENTRE SOCIETY**

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**SCHEDULE 1**

**SCHEDULE OF ACTIVITIES**  
**For the year ended August 31, 2012**

	2012	2011
<b>Revenue</b>		
Preschool programs	\$ 331,363	\$ 343,296
Childrens' programs	604,426	567,470
Youth programs	110,289	124,169
Adult programs	369,497	390,703
Fitness programs	96,299	65,333
Exercise room	196,248	191,369
Seniors' programs	154,115	159,645
Seniors' kitchen	168,744	151,415
Play Palace	44,669	31,424
Special events	255	9,995
	<hr/> 2,075,905	<hr/> 2,034,819
<b>Expenditures</b>		
Preschool programs	221,230	225,567
Childrens' programs	401,740	370,469
Youth programs	93,215	110,677
Adult programs	245,615	260,109
Fitness programs	49,143	44,051
Exercise room	20,820	19,076
Seniors' programs	110,450	107,813
Seniors' kitchen	205,162	190,593
Play Palace	21,960	21,030
Special events	7,553	16,086
Programing wages	35,129	29,828
	<hr/> 1,412,017	<hr/> 1,395,299
<b>Net Income From Activities</b>	<hr/> <b>\$ 663,888</b>	<hr/> <b>\$ 639,520</b>

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**KERRISDALE COMMUNITY CENTRE SOCIETY**

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**SCHEDULE 2**

**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES**  
**For the year ended August 31, 2012**

	<b>2012</b>	<b>2011</b>
Amortization of equipment	\$ 97,706	\$ 93,846
Bank and finance charges	64,919	63,286
Board expenses	26,923	33,444
Conference expenses	1,334	3,045
Olympic special event	-	4,290
Postage, printing and stationery	14,216	13,838
Programs and newsletters	78,746	65,762
Promotional events	3,921	7,277
Repairs and maintenance	8,520	11,387
Sundries	13,571	7,112
Wages and employee benefits	449,834	445,631
	<b>\$ 759,690</b>	<b>\$ 748,918</b>