

Kerrisdale Community Centre Society

Financial Statements

August 31, 2013

Kerrisdale Community Centre Society

Financial Statements

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	Page
Independent Auditors' Report	3 - 4
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 14
Schedule of Supplementary Income Statement - Activities	15

Independent Auditors' Report

To the Members of Kerrisdale Community Centre Society

We have audited the accompanying financial statements of Kerrisdale Community Centre Society, which comprise the statement of financial position as at August 31, 2013, and the statements of changes in net assets, operations 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 accounting standards for not-for-profit organizations, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the society'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 society'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, the financial statements present fairly, in all material respects, the financial position of Kerrisdale Community Centre Society as at August 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 4 to the financial statements which describes that Kerrisdale Community Centre Society adopted Canadian accounting standards for not-for-profit organizations on September 1, 2012 with a transition date of September 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at August 31, 2012 and September 1, 2011, and the statements of changes in net assets, operations and cash flows for the year ended August 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

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

Other Matter

The balance sheets as at August 31, 2012 and September 1, 2011, and the statements of changes in net assets, operations and cash flows for the year ended August 31, 2012, were audited under Canadian generally accepted accounting principles, by another auditor.

Vancouver, Canada
November 20, 2013

Crawe MacKay LLP

Chartered Accountants

Kerrisdale Community Centre Society

Statement of Financial Position

	August 31, 2013	August 31, 2012	September 1, 2011 (note 4)
Assets			
Current			
Cash	\$ 855,978	\$ 333,632	\$ 241,267
Temporary investments (note 7)	732,111	587,400	191,800
Accounts receivable	91,467	21,350	117,732
Interest receivable	98,150	151,545	127,433
Prepaid expenses	20,520	18,107	16,960
	<u>1,798,226</u>	<u>1,112,034</u>	<u>695,192</u>
Investments (note 7)	768,875	1,064,264	1,337,068
Property and equipment (note 8)	95,979	151,818	200,099
	<u>\$ 2,663,080</u>	<u>\$ 2,328,116</u>	<u>\$ 2,232,359</u>

Liabilities


Current			
Accounts payable and accrued liabilities (note 9)	\$ 226,216	\$ 290,273	\$ 286,572
Unearned revenue	309,229	250,375	273,986
Contingent liabilities (note 10)	335,560	-	-
	<u>871,005</u>	<u>540,648</u>	<u>560,558</u>

Net Assets

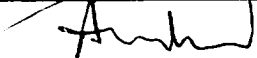
Invested in Equipment	95,979	151,818	200,099
Unrestricted	1,696,096	1,635,650	1,471,702
	<u>1,792,075</u>	<u>1,787,468</u>	<u>1,671,801</u>
	<u>\$ 2,663,080</u>	<u>\$ 2,328,116</u>	<u>\$ 2,232,359</u>

Going concern (note 2)

Approved on behalf of the board:



President



Secretary-Treasurer

Kerrisdale Community Centre Society

Statement of Changes in Net Assets

For the year ended August 31,

	Balance, beginning of year	Aquisition of equipment	Excess (deficiency) of revenues over expenditures	2013 Balance, end of year
Unrestricted	\$ 1,635,650	\$ (22,068)	\$ 82,514	\$ 1,696,096
Invested in Equipment	151,818	22,068	(77,907)	95,979
	\$ 1,787,468	\$ -	\$ 4,607	\$ 1,792,075

	Balance, beginning of year	Aquisition of equipment	Excess of revenues over expenditures	2012 Balance, end of year
Unrestricted	\$ 1,471,701	\$ (49,425)	\$ 213,374	\$ 1,635,650
Invested in Equipment	200,099	49,425	(97,706)	151,818
	\$ 1,671,800	\$ -	\$ 115,668	\$ 1,787,468

Kerrisdale Community Centre Society

Statement of Operations

For the year ended August 31,	2013	2012
Revenues		
Supplementary income statement - Activities (schedule 1)	\$ 652,390	\$ 663,888
Membership dues	110,926	115,570
Interest income	65,291	56,850
Building rentals	30,735	31,578
Miscellaneous income	8,176	7,473
	867,518	875,359
Expenditures		
Advertising and promotional events	76,696	6,007
Amortization	77,907	97,706
Board expenses	27,490	26,923
Conference expenses	6,462	1,334
Interest and bank charges	72,297	64,919
Miscellaneous	5,979	8,821
Office	14,757	14,217
Professional fees	27,162	4,750
Programs and newsletters	72,574	76,660
Repairs and maintenance	8,346	8,520
Wages and benefits	473,241	449,834
	862,911	759,691
Excess of revenues over expenditures	\$ 4,607	\$ 115,668

Kerrisdale Community Centre Society

Statement of Cash Flows

For the year ended August 31,	2013	2012
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 4,607	\$ 115,668
Item not affecting cash		
Amortization	77,907	97,706
	82,514	213,374
Change in non-cash working capital items		
Temporary investments	(144,711)	(395,600)
Accounts receivable	(70,117)	96,382
Interest receivable	53,395	(24,112)
Prepaid expenses	(2,413)	(1,147)
Accounts payable and accrued liabilities	(64,057)	3,701
Unearned revenue	58,854	(23,611)
Contingent liabilities	335,560	-
	249,025	(131,013)
Investing activities		
Purchase of investments	(437,000)	(314,875)
Proceeds on sale of investments	732,389	587,678
Purchase of property and equipment	(22,068)	(49,425)
	273,321	223,378
Increase in cash	522,346	92,365
Cash, beginning of year	333,632	241,267
Cash, end of year	\$ 855,978	\$ 333,632

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2013

1. Nature of operations

Kerrisdale Community Centre Society (the "Society") was incorporated in 1942 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 (the "Parks Board").

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Society be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

During the year, the Parks Board voted to pool revenues from community centre associations and implement a universal membership system, called OneCard. The Society, together with five other Vancouver community associations, believe that the Parks Board's actions are violating the existing joint operating agreements and causing them harm that is threatening their future survival. The six Vancouver community associations have filed a petition asking the B.C. Supreme Court to stop the Parks Board from taking over their operations.

The accompanying financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should the Society be unable to continue its operations.

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash equivalents

Cash and cash equivalents consist of cash on deposit, cheques issued and outstanding, and investments in money market instruments.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2013

3. Significant accounting policies (continued)

(b) Property and equipment

Property and equipment are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the assets over their estimated useful lives, as set out below.

A full year's amortization is recorded in the year of acquisition.

Computer equipment	3 years Straight-line
Furniture and fixtures	5 years Straight-line
Passenger vehicles	5 years Straight-line

(c) Revenue recognition

The 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 or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

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.

Revenues from activities are recognized as revenue proportionately over the session period to which they relate. Membership dues are taken into income on pro rata basis over the term of the membership. All memberships expire on August 31 each year.

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

(d) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2013

3. Significant accounting policies (continued)

(e) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Society subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, accounts receivable, interest receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and contingent liabilities.

The Society subsequently measures no financial assets and financial liabilities at fair value,

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(f) Use of Kerrisdale Community Centre

The Parks Board 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 Parks Board. The value of the use of the Kerrisdale Community Centre facilities has not been reflected in these financial statements.

4. Impact of the change in the basis of accounting

These are the Society's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The 2012 comparative financial statements include an opening balance sheet as at September 1, 2011 that provides for the impact of the transition. There were no changes required to the comparative balances presented as a result of adoption of this new accounting framework.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2013

4. Impact of the change in the basis of accounting (continued)

Elective exemptions

The rules for transition to Canadian accounting standards for not-for-profit organizations normally require that an enterprise prepare its opening balance sheet using the standards that will be followed thereafter. However, certain elective exemptions are available. In preparing the opening balance sheet referred to above, the Society used none of the elective exemptions.

5. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. In the opinion of management the credit risk exposure to the Society is low and is not material. There has been no change to the risk exposures from 2012.

(b) Concentration risk

Concentration risk is the risk that a counterparty has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Society in the event of a default by one of these counterparties. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Parks Board's account represents 88% of the total outstanding receivables at August 31, 2013. The Society reduces this risk by regularly assessing the credit risk associated with this account and closely monitoring any overdue balances. In the opinion of management the concentration risk exposure to the Society that is associated with their counterparties is low and is not material. There has been no change to the risk exposures from 2012.

(c) Liquidity risk

Liquidity risk is the risk that the Society cannot repay its obligations when they become due. The Society reduces its exposure to liquidity risk by monitoring its operating requirements. The Society prepares budget to ensure it has sufficient funds to fulfill its obligations. In the opinion of management the liquidity risk exposure to the Society is low and is not material. There has been no changes to the risk exposures from 2012.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2013

6. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2013 financial statements.

7. Investments

	2013	2012
Deposit notes	\$ 100,000	\$ 100,000
Guaranteed investment certificates	1,400,875	1,551,275
Unamortized premium	111	389
	1,500,986	1,651,664
Less: Temporary investments maturing within one year	(732,111)	(587,400)
	\$ 768,875	\$ 1,064,264

8. Property and equipment

	2013		2012	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 143,953	\$ 141,127	\$ 2,826	\$ 4,199
Furniture and fixtures	1,046,565	953,412	93,153	147,619
Passenger vehicles	116,907	116,907	-	-
	\$ 1,307,425	\$ 1,211,446	\$ 95,979	\$ 151,818

9. Accounts payable and accrued liabilities

	2013	2012
Accounts payable and accrued liabilities	\$ 220,315	\$ 288,459
Government remittances payable	5,901	1,814
	\$ 226,216	\$ 290,273

Government remittances payable consist of federal sales taxes and workers safety insurance premiums.

Kerrisdale Community Centre Society

Notes to the Financial Statements

August 31, 2013

10. Contingent liabilities

The contingent liabilities represent the amounts in dispute, relating to the Group 1 staff wages top-up portion and regular part-time staff wages, between the Society and the Parks Board as at August 31, 2013.

Kerrisdale Community Centre Society**Schedule to the Financial Statements**

For the year ended August 31,

Schedule of supplementary income statement - activities**Schedule 1**

	2013	2012
Revenue		
Children's programs	\$ 545,391	\$ 604,426
Adult programs	377,516	369,497
Preschool programs	300,186	331,363
Exercise room	210,518	196,248
Seniors' kitchen	164,300	168,744
Seniors' programs	152,370	154,115
Fitness programs	121,479	96,299
Youth programs	103,491	110,289
Play Palace	39,158	44,669
Special events	4,976	255
	2,019,385	2,075,905
Expenditures		
Children's programs	382,684	401,740
Adult programs	245,951	245,615
Seniors' kitchen	208,072	205,162
Preschool programs	202,489	221,230
Seniors' programs	105,497	110,450
Youth programs	87,293	93,215
Fitness programs	49,102	49,143
Programming wages	36,764	35,129
Exercise room	21,919	20,820
Play Palace	21,480	21,960
Special events	5,744	7,553
	1,366,995	1,412,017
Excess of revenues over expenditures	\$ 652,390	\$ 663,888
