

CAMPBELL, SAUNDERS & CO.

KERRISDALE BUSINESS ASSOCIATION  
FINANCIAL STATEMENTS  
MARCH 31, 2011

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# CAMPBELL, SAUNDERS & CO.

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

To: The Members of  
Kerrisdale Business Association

We have audited the accompanying financial position of Kerrisdale Business Association as at March 31, 2011, and the statement of changes in net assets (deficiency), revenues and expenses 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 qualified audit opinion.

### Basis for Qualified Opinion

In common with many non-profit organizations, the association derives revenues from fund raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association, and we were unable to determine whether any adjustments might be necessary to revenues, excess of expenses over revenue, assets and surplus.

### Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the matters referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2011 and the results of its operations and the changes in net deficiency for the year then ended in accordance with Canadian 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 basis consistent with that of the preceding year.



CHARTERED ACCOUNTANTS

Vancouver, B.C.  
August 8, 2011

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Telephone: 604 681 5500 Fax: 604 685 7100 E-mail: info@campbellsaunders.ca

KERRISDALE BUSINESS ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2011

	2011	2010
<b>CURRENT ASSETS</b>		
Cash	\$24,766	\$ 3,951
Accounts receivable	11,023	9,730
Prepaid expenses	<u>10,130</u>	<u>-</u>
	<u>\$45,919</u>	<u>\$13,681</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>\$15,018</u>	<u>\$14,121</u>
<b>COMMITMENTS</b> (Note 4)		
<b>NET ASSETS</b>		
Unrestricted	<u>30,901</u>	<u>(440)</u>
	<u>\$45,919</u>	<u>\$13,681</u>

APPROVED BY THE BOARD:

 Director

A Davies Director

KERRISDALE BUSINESS ASSOCIATION  
STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)  
FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	\$ (440)	\$ 43,065
Excess (deficiency) of revenue over expenses	<u>31,341</u>	<u>(43,505)</u>
NET ASSETS (DEFICIENCY) - END OF YEAR	<u>\$30,901</u>	<u>\$ (440)</u>

**KERRISDALE BUSINESS ASSOCIATION**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2011**

	2011	2010
<b>REVENUE</b>		
City of Vancouver grant	<u>\$309,000</u>	<u>\$300,000</u>
<b>EXPENSES</b>		
Administration	49,772	47,309
Beautification	20,837	31,717
Events	63,019	72,725
Promotion	84,651	123,287
Security	<u>71,230</u>	<u>74,785</u>
	<u>289,509</u>	<u>349,823</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	<u>19,491</u>	<u>(49,823)</u>
<b>AREA IMPROVEMENT PROJECTS:</b>		
Newspaper boxes, garbage can surrounds and railings	<u>-</u>	<u>7,739</u>
	<u>19,491</u>	<u>(57,562)</u>
<b>OTHER INCOME</b>		
Kerrisdale Collective Parking - Management Fee (Note 4)	6,000	6,000
Fundraising Income and Other Donations	5,850	7,550
Interest	<u>-</u>	<u>507</u>
	<u>11,850</u>	<u>14,057</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 31,341</u>	<u>\$(43,505)</u>

KERRISDALE BUSINESS ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
<b>CASH FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 31,341	\$ (43,505)
Changes in non-cash working capital items		
Accounts receivable	(1,293)	(4,394)
Prepaid expenses	(10,130)	-
Accounts payable and accrued liabilities	<u>897</u>	<u>7,190</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	<u>20,815</u>	<u>(40,709)</u>
Cash - beginning of year	<u>3,951</u>	<u>44,660</u>
<b>CASH - END OF YEAR</b>	<u>\$ 24,766</u>	<u>\$ 3,951</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest received	<u>\$ -</u>	<u>\$ 507</u>

**KERRISDALE BUSINESS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2011**

**NOTE 1 - PURPOSE OF THE ORGANIZATION**

The purpose of the Association is to develop, encourage and promote business in the Kerrisdale Business Improvement Area. The Association was incorporated under the British Columbia Society Act on March 25, 1991. It is a tax exempt body under the Income Tax Act.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue recognition

Grants are recorded when notice of approval is received or conditions for receipt are fulfilled. Where grants are to be applied over given periods, portions relating to periods beyond the fiscal year are recorded as deferred revenue.

Capital assets

Purchases of capital assets are recorded as expenditures at the time of purchase.

Contributed services

The work of the Association is dependent on the efforts of many volunteers. Because these services are not normally purchased by the Association and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

**KERRISDALE BUSINESS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) confirmed that the use of International Financial Reporting Standards (IFRS) or Part III - Accounting Standards for Not-for-Profit Organizations would be required for Not-for-Profit organizations for the years beginning on or after January 1, 2012. IFRS and Part III - Accounting Standards for Not-for-Profit Organizations uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. First reporting under IFRS or Part III - Accounting Standards for Not-for-Profit is required for the Society's annual financial statements beginning on January 1, 2012. The Society is in the process of reviewing the potential impact of these two accounting standards on this reporting framework and financial statements.

**NOTE 3 - ECONOMIC DEPENDENCE**

The Association is economically dependent on the continued funding provided in accordance with a Business Improvement Area by-law enacted by the City of Vancouver.

**NOTE 4 - COMMITMENTS**

The Kerrisdale Business Association is a party to a verbal agreement with the City of Vancouver regarding the operations of a Parkade located at 42<sup>nd</sup> and Yew Street, Vancouver, B.C. Under this verbal agreement, the City undertakes to fund the net cost of operations and the Association undertakes to manage the day to day operations of the parkade. The Association receives a management fee of \$6,000 under this verbal agreement.

KERRISDALE BUSINESS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

**NOTE 5 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

The Association classifies its cash as held for trading, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

a) Fair Value

Cash, accounts receivable and accounts payable and accrued liabilities are measured at their carrying amount since it is comparable to their fair value due to the approaching maturity of these financial instruments.

b) Financial Risk

The Association is not exposed to interest rate risk.