

Financial Statements of

**SATURNA NET CO-OPERATIVE**

Year ended January 31, 2012

Jean Elwell, Chartered Accountant

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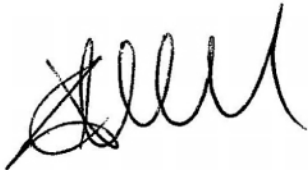
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NOTICE TO READER

On the basis of the information prepared by management, I have compiled the statement of financial position of Saturna Net Co-operative Association as at January 31, 2012 and the statements of operations and net assets and the statement of cash flows for the year then ended. I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.



**Jean Elwell**  
**Chartered Accountant**

Saturna Island, British Columbia

May 24, 2012

# SATURNA NET CO-OPERATIVE

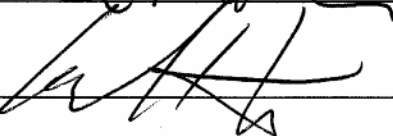
## Statement of Financial Position

January 31, 2012, with comparative figures for 2011

|  | 2012       | 2011      |
|--|------------|-----------|
| <b>Assets</b>                            |            |           |
| Cash                                     | \$ 32,729  | \$ 8,695  |
| Accounts receivable                      | 2,554      | 2,658     |
|  | 35,283     | 11,353    |
| <b>Capital assets (Note 3)</b>           | 76,855     | 60,324    |
|  | 112,138    | 71,677    |
| <b>Liabilities</b>                       |            |           |
| Accounts payable and accrued liabilities | 1,366      | 3,007     |
| GST/HST payable                          | 626        | 503       |
| Long term loans                          | 2,120      | 4,360     |
|  | 4,112      | 7,870     |
| <b>Equity</b>                            |            |           |
| Member shares                            | 4,680      | 4,200     |
| Net Assets                               | 103,346    | 59,607    |
|  | 108,026    | 63,807    |
|  | \$ 112,138 | \$ 71,677 |

ON BEHALF OF THE BOARD OF DIRECTORS

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

Jean Elwell, Chartered Accountant

Unaudited -see Notice to Reader dated May 28, 2012.  
The accompanying notes are an integral part of these financial statements.

# SATURNA NET CO-OPERATIVE

## Statement of Operations and Net Assets

January 31, 2012, with comparative figures for 2011

|                                       | <b>2012</b>       | <b>2011</b>      |
|---------------------------------------|-------------------|------------------|
| <b>Revenue</b>                        |                   |                  |
| Installations                         | \$ 7,735          | \$ 4,785         |
| Subscribers                           | 65,165            | 50,430           |
| BC Government Grant                   | 50,000            | 50,000           |
| Other income                          | 450               | 23               |
|                                       | <b>123,350</b>    | <b>105,238</b>   |
| <b>Expense</b>                        |                   |                  |
| Administrative expenses               | 397               | 152              |
| Bank charges                          | 203               | 393              |
| High speed service fees               | 31,616            | 33,006           |
| Dial-up                               | -                 | 1,064            |
| Depreciation                          | 32,938            | 25,853           |
| Technical support                     | 14,526            | 10,049           |
|                                       | <b>79,680</b>     | <b>70,517</b>    |
| <b>Excess of revenue over expense</b> | <b>43,670</b>     | <b>34,721</b>    |
| Prior period adjustment               | 69                | 26,458           |
| Net assets, beginning of year         | 59,607            | (1,572)          |
| <b>Net assets, end of year</b>        | <b>\$ 103,346</b> | <b>\$ 59,607</b> |

J e a n E l w e l l , C h a r t e r e d A c c o u n t a n t

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# SATURNA NET CO-OPERATIVE

## Statement of Cash Flows

January 31, 2012, with comparative figures for 2011

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|  | <b>2012</b>    |
|--|----------------|
| <b>Operations</b>                                  |                |
| Excess of revenues over expenses                   | \$ 43,670      |
| Depreciation                                       | 32,938         |
| Net change in non-cash working capital (see below) | (3,654)        |
|  | <hr/> 72,954   |
| <b>Investing activities</b>                        |                |
| Investment in capital assets                       | (49,469)       |
|  | <hr/> (49,469) |
| <b>Financing activities</b>                        |                |
| Membership shares issued                           | 480            |
| Prior period adjustment                            | 69             |
|  | <hr/> 549      |
| <b>Increase in cash</b>                            | <b>24,034</b>  |
| Cash, beginning of year                            | 8,695          |
| <b>Cash, end of year</b>                           | <b>32,729</b>  |

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|   | <b>2012</b>             |
|---|-------------------------|
| Net changes in working capital balances |                         |
| Accounts receivable                     | \$ 104                  |
| Accounts payable                        | (1,641)                 |
| GST/HST payable                         | 123                     |
| Due to original investors               | (2,240)                 |
|   | <hr/> (3,654)           |
|   | <hr/> <b>\$ (3,654)</b> |

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# SATURNA NET CO-OPERATIVE

## Notes to the Financial Statements

### 1. PURPOSE OF THE ORGANIZATION

The Saturna Net Co-operative Association (“the Association”) was incorporated on January 26, 2007 under the Co-operative Associations Act of British Columbia and is a not-for-profit association. It is therefore exempt from tax on its income.

In accordance with its constitution, the purpose of the Society is to provide high speed internet service to homes and businesses on Saturna Island.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### (b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided for at the following rates, based on an estimate of useful life.

|                          |                       |
|--------------------------|-----------------------|
| Infrastructure equipment | 30% declining balance |
|--------------------------|-----------------------|

#### (c) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the Board’s best estimates, as additional information becomes available in the future.

### 3. CAPITAL ASSETS

|           | Cost       | Accumulated<br>Amortization | Net book value |           |
|-----------|------------|-----------------------------|----------------|-----------|
|           |            |                             | 2012           | 2011      |
| Equipment | \$ 135,647 | \$ 58,792                   | \$ 76,855      | \$ 60,324 |

### 4. FINANCIAL INSTRUMENTS

The organization’s financial assets and financial liabilities are held for trading.

The carrying amount of accounts receivables and accounts payables are a reasonable approximation of their fair value given their short-term maturity.