

Financial Statements of

SATURNA NET CO-OPERATIVE

Year ended January 31, 2014



Jean Elwell, Chartered Accountant

1681 North Beach Road

Salt Spring Island, BC

V8K 1A8

Phone: (250) 538-0371

Fax: (250) 538-0372

E-mail: jelwell@saltspring.com

www.jeanelwell.ca



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, 2014 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

Salt Spring Island, British Columbia

July 4, 2014

SATURNA NET CO-OPERATIVE

Statement of Financial Position

January 31, 2014, with comparative figures for 2013
(Unaudited – See Notice to Reader)

	2014	2013
Assets		
Cash	\$ 15,425	\$ 12,548
Accounts receivable	5,603	4,044
	21,028	16,592
Capital assets (Note 3)	52,076	64,860
	73,104	81,452
Liabilities		
Accounts payable and accrued liabilities	6,306	4,578
GST/HST payable	822	1,236
PST payable	561	-
Long term loans	-	1,300
	7,689	7,114
Equity		
Member shares	5,550	4,980
Net assets	59,865	69,358
	65,415	74,338
	\$ 73,104	\$ 81,452

ON BEHALF OF THE BOARD OF DIRECTORS

_____, Director

_____, Director

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

The accompanying notes are an integral part of these financial statements.

SATURNA NET CO-OPERATIVE

Statement of Operations and Net Assets

January 31, 2014, with comparative figures for 2013
(Unaudited – See Notice to Reader)

	2014	2013
Revenue		
Installations	\$ 8,117	\$ 5,643
Subscribers	79,292	72,017
Other income	303	604
	87,712	78,264
Expense		
Administrative expenses	7,529	5,909
Bank charges	556	114
High speed service fees	21,579	34,217
Depreciation	20,636	25,009
Professional fees	650	1,125
Site rental	6,600	-
Technical support	39,655	45,878
	97,205	112,252
Deficit of revenue over expense	(9,493)	(33,988)
Net assets, beginning of year	69,358	103,346
Net assets, end of year	\$ 59,865	\$ 69,358

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

The accompanying notes are an integral part of these financial statements.

SATURNA NET CO-OPERATIVE

Statement of Cash Flows

January 31, 2014, with comparative figures for 2013
(Unaudited – See Notice to Reader)

	2014	2013
Operations		
(Deficit) of revenues over expenses	\$ (9,493)	\$ (33,988)
Depreciation	20,636	25,009
Net change in non-cash working capital (see below)	(982)	1,511
	10,161	(7,468)
Investing activities		
Investment in capital assets	(7,854)	(13,013)
	(7,854)	(13,013)
Financing activities		
Membership shares issued	570	300
	570	300
Increase/(decrease) in cash	2,877	(20,181)
Cash, beginning of year	12,548	32,729
Cash, end of year	\$ 15,425	\$ 12,548

	2014	2013
Net changes in working capital balances		
Accounts receivable	\$ (1,559)	\$ (1,490)
Accounts payable & accrued liabilities	1,728	3,212
GST/HST payable	(412)	609
PST payable	561	-
Due to original investors	(1,300)	(820)
	\$ (982)	\$ 1,511

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

The accompanying notes are an integral part of these financial statements.

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 Association is to provide high speed internet service to homes and businesses on Saturna Island.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

The association 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 Amortization	Net book value	
			2014	2013
Equipment	\$ 156,512	\$ 104,436	52,076	\$ 64,860

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.