

NORTHERN HILLS COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

December 31, 2018



NORTHERN HILLS COMMUNITY ASSOCIATION

December 31, 2018

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Independent Auditor's Report

To the Members of:
Northern Hills Community Association

Qualified Opinion

I have audited the financial statements of the Northern Hills Community Association as at December 31, 2018 which include the Statement of Financial Position and the statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the year then ended.

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself of the completeness of fundraising activities, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not for profit organizations, the Association derives revenue from certain fund raising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

I am independent of the Northern Hills Community Association in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other Matter

The financial statements of Northern Hills Community Association for the year ended December 31, 2017 were audited by another Chartered Professional Accountant who expressed a qualified opinion on April 11, 2018.

Management's Responsibility

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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements as at December 31, 2018, management is responsible for assessing the Northern Hills Community Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant findings including any significant deficiencies in internal controls that I identify during my audit.

 Neve Iskander CPA, CA

Calgary, Alberta
November 14, 2019

Neve Iskander
Chartered Professional Accountant

Suite 110, 720 - 28 Street NE
Calgary, AB T2A 6R3
(403) 244-4111 ext. 215
neve.iskander@calgarycommunities.com



NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2018

| | 2018 | 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents, unrestricted | \$ 94,825 | \$ 117,615 |
| Externally restricted assets (Note 3) | 91,361 | 144,281 |
| Short Term Investments, unrestricted (Note 12) | 111,705 | 110,000 |
| Accounts receivable, unrestricted | 29,623 | 4,495 |
| Prepaid expense (Note 7) | 4,605 | 7,925 |
| Sports inventory (Note 2) | 25,000 | 25,000 |
| Gift cards (Note 2) | - | 720 |
| | 357,119 | 410,036 |
| Investments , long term, unrestricted (Note 12) | - | 110,000 |
| Property and Equipment (Note 4) | 7,274 | 9,864 |
| | \$ 364,393 | \$ 529,900 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 7,714 | \$ 5,832 |
| GST payable | 2,016 | 1,323 |
| Vacation payable | 3,131 | - |
| Deferred cash contributions (Note 3) | 91,361 | 144,281 |
| Deferred revenue | 15,428 | 17,645 |
| | 119,650 | 169,081 |
| Deferred Capital Contributions (Note 10) | 497 | 580 |
| NET ASSETS | | |
| Unrestricted | 237,469 | 350,955 |
| Invested in property and equipment | 6,777 | 9,284 |
| | 244,246 | 360,239 |
| | \$ 364,393 | \$ 529,900 |

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended December 31, 2018

| | Unrestricted | Invested in Property and Equipment | 2018 Totals | 2017 Totals |
|---------------------------------|---------------------|---|------------------------|------------------------|
| Balances, beginning of the year | \$ 350,955 | \$ 9,284 | \$ 360,239 | \$ 380,079 |
| Decrease | (113,486) | (2,507) | (115,993) | (19,840) |
| Balances, end of the year | <u>\$ 237,469</u> | <u>\$ 6,777</u> | <u>\$ 244,246</u> | <u>\$ 360,239</u> |

See Notes to Financial Statements

NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2018

| | 2018 | 2017 |
|--|---------------------|--------------------|
| Revenue | | |
| Advertising/newsletter (Schedule 3) | \$ 127,339 | \$ 118,981 |
| Community events & programs (Schedule 1) | 123,894 | 12,480 |
| Casino contributions (Note 8) | 121,867 | 10,689 |
| Sports (Schedule 2) | 66,507 | 163,314 |
| Membership | 17,813 | 23,018 |
| Interest income | 4,390 | 3,514 |
| Raffle | 275 | 1,550 |
| Miscellaneous revenue | 216 | 281 |
| Amortization of deferred capital contributions | 83 | 83 |
| Fundraising/donations | - | 100 |
| | 462,384 | 334,010 |
| Expenditures | | |
| Administration and wages | 127,170 | 107,491 |
| Newsletter (Schedule 3) | 108,484 | 97,366 |
| Sports (Schedule 2) | 54,095 | 90,523 |
| Community events & programs (Schedule 1) | 255,873 | 21,969 |
| Rent and storage | 10,326 | 12,547 |
| Bank charges | 3,392 | 7,517 |
| Professional fees | 6,941 | 5,212 |
| Insurance | 4,066 | 3,899 |
| Telecommunication, website | 3,911 | 2,766 |
| Amortization | 2,590 | 2,375 |
| Raffle | - | 1,550 |
| Membership and licenses | - | 513 |
| Advocacy | - | 100 |
| Marketing | 1,529 | 22 |
| | 578,377 | 353,850 |
| Deficiency of revenue | \$ (115,993) | \$ (19,840) |

See Notes to Financial Statements

NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2018

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Cash generated by/(used in): | | |
| OPERATIONS: | | |
| Excess of revenue over expenses | \$ (115,993) | \$ (19,840) |
| Charges not affecting cash: | | |
| Amortization expense | 2,590 | 2,375 |
| Amortization of deferred capital contributions | (83) | (83) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (25,128) | (4,196) |
| GST receivable | 693 | 4,230 |
| Inventory | 720 | 580 |
| Prepaid expense | 3,320 | 2,978 |
| Accounts payable | 1,882 | (6,493) |
| Vacation payable | 3,131 | (217) |
| Deferred revenue | (2,217) | 2,848 |
| | (131,085) | (17,818) |
| Cash Flows from Financing Activities | | |
| Deferred cash contributions | (52,920) | 60,448 |
| Deferred capital contributions | - | - |
| | (52,920) | 60,448 |
| INVESTING: | | |
| Investments | 108,295 | (220,000) |
| | 108,295 | (220,000) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (75,710) | (177,370) |
| Cash and cash equivalents, beginning of the year | 261,896 | 439,266 |
| CASH AND CASH EQUIVALENTS, END OF THE YEAR | \$ 186,186 | \$ 261,896 |
| Consisting of: | | |
| Cash and cash equivalents, unrestricted | \$ 94,825 | \$ 117,615 |
| Cash and cash equivalents, restricted | 91,361 | 144,281 |
| | \$ 186,186 | \$ 261,896 |

See Notes to Financial Statements

NORTHERN HILLS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2018

1. GENERAL

The Northern Hills Community Association "the Association" was registered as a not-for-profit organization under the Societies Act of Alberta on January 31, 1993 and is exempt from income tax under Section 149 of the Canadian Income Tax Act as long as they keep their not-for-profit status.

The Association was established to provide an encouraging, safe, respectful and enjoyable environment for youth and adults to participate in activities that develop social, teamwork and athletic skills.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared according to Canadian accounting standards for not-for-profit organizations, of which the most significant policies are:

Revenue Recognition

Externally restricted revenue is recorded according to the deferral method, where revenue is recognized, when the related expense occurred. Property and equipment purchased with externally restricted cash is recorded as deferred capital contributions and amortized to income on the same basis as the related capital asset is amortized and expensed (Note 10).

Operating revenue is recorded according to the accrual method, where revenue is recognized when received or reasonable assurance is given, that revenue is receivable.

Inventory

Inventory had been listed at cost according to the FIFO (first in - first out) method. Inventory consisting of soccer clothing and equipment is listed at replacement cost based on the insured value of \$25,000. Gift cards held in inventory are handed out at events or used as promotional material.

Property and Equipment

Since 2014, property and equipment of \$1,000 and over are recorded at cost and are being amortized using the straight line method:

| | |
|-------------------------|----------|
| Furniture and Equipment | 5 years |
| Rink | 10 years |
| Shed | 10 years |

Basis of Accounting

Management has concluded that the going concern basis of accounting is appropriate for the Association.

NORTHERN HILLS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Financial Instruments

Measurement of Financial Instruments:

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income. Financial instruments measured at amortized cost include cash, accounts receivable and accounts payable.

Financial Risk:

It is management's opinion that the Association is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the collectability of receivables, the useful life of property and equipment and the amounts recorded as accrued liabilities.

3. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS

| | <u>2018</u> | <u>2017</u> |
|-------------|------------------|-------------------|
| Casino Cash | \$ 91,361 | \$ 142,731 |
| Raffle Cash | - | 1,550 |
| | <u>\$ 91,361</u> | <u>\$ 144,281</u> |

4. PROPERTY AND EQUIPMENT

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net 2018</u> | <u>Net 2017</u> |
|-------------------------|------------------|-------------------------------------|---------------------|---------------------|
| Rink | \$ 26,198 | \$ 19,091 | \$ 7,107 | \$ 9,614 |
| Furniture and equipment | 17,053 | 17,053 | - | - |
| Shed | 832 | 665 | 167 | 250 |
| | <u>\$ 44,083</u> | <u>\$ 36,809</u> | <u>\$ 7,274</u> | <u>\$ 9,864</u> |

NORTHERN HILLS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2018

5. CONTRIBUTED GOODS AND SERVICES

Contributed goods are recognized in the financial statements when fair value can be reasonably estimated and when the donated goods are used in the normal course of the Association's operations and would otherwise have been purchased.

A number of volunteers have made significant contributions of their time to the Association. The value of this contributed time is not reflected in these financial statements.

6. SUB-LEASE AGREEMENT

The Association entered into a sub-lease agreement with the Nose Creek Sports and Recreation Association for an initial term of two years commencing on January 1, 2017 and expiring on December 31 2018. Rates are guaranteed for one year and will be re-assessed on an annual basis by the Landlord.

The Association also entered into a one year lease agreement with Sentinel Storage for \$175 per month plus GST.

7. PREPAID EXPENSE

Prepaid expense consists of insurance, field bookings and other expenses prepaid for 2019.

8. CASINO CONTRIBUTIONS

| | 2018 | 2017 |
|---------------------------------------|-------------------|------------------|
| Casino cash, beginning of year | \$ 142,731 | \$ 83,833 |
| Proceeds from casino | 67,315 | 68,640 |
| Casino advisor proceeds | 2,213 | - |
| Casino advisor expenses | (2,213) | - |
| Fund transfer from Raffles | 1,550 | - |
| Interest revenue | 1,664 | 1,159 |
| Bank charges | - | (32) |
| Casino Cash, end of the year (Note 3) | <u>(91,361)</u> | <u>(142,731)</u> |
| Funds contributed to Operations | <u>\$ 121,899</u> | <u>\$ 10,869</u> |

Breakdown of Casino Funds Contributed to Operations:

| | 2018 | 2017 |
|----------------------------------|-------------------|------------------|
| Funds used for Playground | \$ 57,676 | \$ - |
| Funds used for Mural Art Project | 50,000 | - |
| Funds used for operations | 14,223 | 10,869 |
| Total contributed to Operations | <u>\$ 121,899</u> | <u>\$ 10,869</u> |

NORTHERN HILLS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2018

9. COMMITMENT

The Board approved a commitment of \$700 in trade for space with the Nose Creek Sports and Recreation Association.

10. DEFERRED CAPITAL CONTRIBUTIONS

| | <u>2018</u> | <u>2017</u> |
|----------------------|---------------|---------------|
| Beginning balance | \$ 663 | \$ 663 |
| Amortization | (83) | (83) |
| Balance to next year | <u>\$ 580</u> | <u>\$ 580</u> |

11. GRANTS

During the fiscal year, the Association received and spent the following grants:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-----------------|
| CFEP Grant for Harvest Hills Community Hub | \$ 116,000 | \$ - |
| Neighbour Day | 1,000 | 1,138 |
| WCEF for Mural Project | 1,000 | - |
| | <u>\$ 118,000</u> | <u>\$ 1,138</u> |

12. INVESTMENT

Servus Credit Union held the following investment for the Association at December 31, 2018:

\$ 111,705 Maturing April 3, 2019 at 1.55% - short term

13. HARVEST HILLS PLAYGROUND

On December 31, 2018, the Parks Foundation, Calgary, was holding \$35,395 for the construction of the Harvest Hills Playground.

NORTHERN HILLS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2018

14. MURAL ART PROJECT COMMITMENT

During the year, the Association completed the Mural Art Project along the fence facing Coventry Hills Boulevard. As part of the project proposal to the City of Calgary, the Association agreed to maintain the Mural for a minimum of 8 years which may include regular paint touch ups and minor repairs. The annual costs of maintenance were originally estimated at \$750 per annum, however, this amount is subject to change based on actual expenditures required.

At the end of the 8 year lifespan, the Association will paint the fence to return it to its original or similar color. Should the mural have a longer lifespan than 8 years, the Association may contract property owners along the fence line to seek their renewal agreement to maintain the mural art for an additional term.

No provisions or estimates have been made in these financial statements for the future costs to be incurred by the Association for the return of the original state of the fence after the 8 year maintenance term.

15. SETTLEMENT

During the year, the Association agreed to pay settlement funds of \$19,155 to a former employee for termination. These amounts were included in wages expenses for the year ending December 31, 2018. No further settlement amounts are expected to be paid by the Association in the future relating to this employee.

16. COMPARATIVE DATA

The comparative 2017 figures, which were audited by another Chartered Professional Accountant, have been reclassified to conform to the current year's presentation.

NORTHERN HILLS COMMUNITY ASSOCIATION
SCHEDULE 1 - COMMUNITY EVENTS & PROGRAMS

For the Year Ended December 31, 2018

| Revenue | 2018 | 2017 |
|--------------------------------------|---------------------|-------------------|
| Grants (Note 11) | \$ 118,000 | \$ 1,138 |
| Seniors | 4,000 | 3,400 |
| Community garden | 843 | 822 |
| Creating Coventry | 357 | - |
| Events | 350 | 1,765 |
| Arts and Crafts | 229 | - |
| Business fair | 115 | 1,400 |
| Northern Hills Connect | - | 750 |
| Northern Hills outdoor community hub | - | 3,205 |
| | <u>123,894</u> | <u>12,480</u> |
| Expenses | | |
| Harvest Hills outdoor comm Hub | 173,105 | 3,205 |
| Mural project | 56,417 | - |
| Seniors programs | 12,146 | 9,485 |
| Community beautification | 3,485 | 242 |
| Community clean-up | 1,776 | 845 |
| Board/conferences/meetings | 1,524 | 1,321 |
| Ice rink | 1,348 | 142 |
| Business fair | 1,068 | 863 |
| Arts and Crafts | 982 | - |
| City programs - Skateboard park | 825 | 825 |
| Community garden | 810 | 1,177 |
| Community contest prize | 720 | 580 |
| Creating coventry | 553 | 114 |
| Neighbor Day | 437 | 1,741 |
| Other comm programs | 335 | 74 |
| Youth | 194 | - |
| Northern Hills connect | 148 | 200 |
| Sponsorship | - | 30 |
| Bike safety program | - | 924 |
| Community engagement | - | 201 |
| | <u>255,873</u> | <u>21,969</u> |
| | <u>\$ (131,979)</u> | <u>\$ (9,489)</u> |

NORTHERN HILLS COMMUNITY ASSOCIATION
SCHEDULE 2 - SPORTS ANALYSIS

For the Year Ended December 31, 2018

| | 2018 | 2017 |
|-------------------------------|------------------|------------------|
| Revenue | | |
| Childrens soccer | \$ 51,315 | \$ 69,234 |
| Sponsorship - soccer | 11,430 | 15,603 |
| Adult slopitch | 2,847 | 4,376 |
| Sponsorship - Northern Lights | 915 | - |
| Volunteer deposits | - | 27,070 |
| Sports program | - | 25,487 |
| Women +30 soccer | - | 21,544 |
| | 66,507 | 163,314 |
| Expenses | | |
| Childrens soccer | 40,978 | 39,070 |
| Volunteer deposits returned | 300 | 27,070 |
| Women soccer | 7,307 | 19,805 |
| Adult slopitch | 3,463 | 3,665 |
| Medals | 2,047 | 913 |
| Youth indoor soccer expenses | - | - |
| | 54,095 | 90,523 |
| | \$ 12,412 | \$ 72,791 |

SCHEDULE 3 - NEWSLETTER / ADVERTISING

For the Year Ended December 31, 2018

| | 2018 | 2017 |
|---------------------|------------------|------------------|
| Revenue | | |
| Advertising | \$ 127,340 | \$ 118,981 |
| Expenses | | |
| Printing/Commission | 108,484 | 97,366 |
| | \$ 18,856 | \$ 21,615 |