

# **NORTHERN HILLS COMMUNITY ASSOCIATION**

## **FINANCIAL STATEMENTS** (Audited)

**December 31, 2019**

**Member of the**

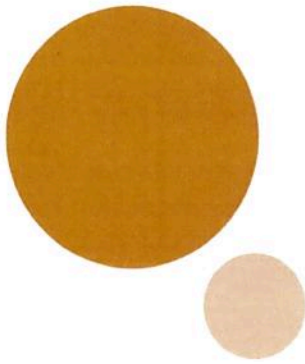


# NORTHERN HILLS COMMUNITY ASSOCIATION

December 31, 2019

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# Anthony Chiu

## Chartered Professional Accountant

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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 (the "Association"), which comprise the Statement of Financial Position as at December 31, 2019, and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, and its results of operations and its 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 fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2019, current assets as at December 31, 2019, and net assets as at January 1, 2019 and December 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, 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 audit opinion.

## **Other Matter**

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a qualified opinion on those financial statements on November 14, 2019 for reasons described in the Basis for Qualified Opinion section.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 .

In preparing the financial statements, management is responsible for assessing the 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 unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so .

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Calgary, Alberta  
June 24, 2020



Anthony Chiu  
Chartered Professional Accountant

**NORTHERN HILLS COMMUNITY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
(Audited)

As at December 31, 2019

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, unrestricted	\$ 110,348	\$ 94,825
Externally restricted assets (Note 3)	57,106	91,361
Short term investments, unrestricted (Note 4 )	-	111,705
Accounts receivable, unrestricted	15,892	29,623
Sports inventory (Note 2)	25,000	25,000
Prepaid expense (Note 5)	12,455	4,605
	220,801	357,119
<b>Property and Equipment (Note 6)</b>	<b>6,200</b>	<b>7,274</b>
	<b>\$ 227,001</b>	<b>\$ 364,393</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 10,492	\$ 7,714
GST payable	3,085	2,016
Vacation payable	3,128	3,131
Deferred cash contributions (Note 3)	57,106	91,361
Deferred revenue	2,892	15,428
	76,703	119,650
<b>Deferred Capital Contributions (Note 7)</b>	<b>414</b>	<b>497</b>
	<b>77,117</b>	<b>120,147</b>
<b>NET ASSETS</b>		
Unrestricted	144,098	237,469
Invested in property and equipment	5,786	6,777
	<b>149,884</b>	<b>244,246</b>
	<b>\$ 227,001</b>	<b>\$ 364,393</b>

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, 2019

	Unrestricted	Invested in Property and Equipment	2019 Totals	2018 Totals
Balances, beginning of the year	\$ 237,469	\$ 6,777	\$ 244,246	\$ 360,239
Transfer	(1,896)	1,896	-	-
Excess of revenue (expenses)	(91,475)	(2,887)	(94,362)	(115,993)
Balances, end of the year	<u>\$ 144,098</u>	<u>\$ 5,786</u>	<u>\$ 149,884</u>	<u>\$ 244,246</u>

See Notes to Financial Statements

**NORTHERN HILLS COMMUNITY ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
(Audited)

For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Community events & programs (Schedule 1)	\$ 112,044	\$ 123,894
Advertising/newsletter (Schedule 3)	109,115	127,339
Casino contributions (Note 8)	87,555	121,867
Sports (Schedule 2)	67,474	66,507
Membership	15,620	17,813
Interest income	3,839	4,390
Amortization of deferred capital contributions	83	83
Raffle	-	275
Miscellaneous revenue	-	216
	<u>395,730</u>	<u>462,384</u>
<b>Expenditures</b>		
Community events & programs (Schedule 1)	200,210	255,873
Administration and wages	112,775	127,170
Newsletter (Schedule 3)	106,084	108,484
Sports (Schedule 2)	39,141	54,095
Rent and storage	11,426	10,326
Professional fees	6,497	6,941
Insurance	4,554	4,066
Bank charges	3,568	3,392
Amortization	2,970	2,590
Telecommunication, website	2,392	3,911
Marketing	475	1,529
	<u>490,092</u>	<u>578,377</u>
<b>Excess of revenue (expenses)</b>	<u>\$ (94,362)</u>	<u>\$ (115,993)</u>

See Notes to Financial Statements



**NORTHERN HILLS COMMUNITY ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
(Audited)

For the Year Ended December 31, 2019

	2019	2018
<b>Cash generated from/(used in):</b>		
<b>Cash Flows from Operating Activities</b>		
Excess of revenue (expenses)	\$ (94,362)	\$ (115,993)
Charges not affecting cash:		
Amortization expense	2,970	2,590
Amortization of deferred capital contributions	(83)	(83)
Changes in non-cash operating working capital:		
Accounts receivable	13,731	(25,128)
GST receivable	1,069	693
Inventory	-	720
Prepaid expense	(7,850)	3,320
Accounts payable	2,778	1,882
Vacation payable	(3)	3,131
Deferred revenue	(12,536)	(2,217)
	(94,286)	(131,085)
<b>Cash Flows from Financing Activity</b>		
Deferred cash contributions	(34,255)	(52,920)
<b>Cash Flows from Investing Activities</b>		
Office equipment	(1,896)	-
Investments	111,705	108,295
	109,809	108,295
<b>Decrease in Cash and Cash Equivalents</b>	(18,732)	(75,710)
Cash and cash equivalents, beginning of the year	186,186	261,896
<b>Cash and Cash Equivalents, End of the Year</b>	\$ 167,454	\$ 186,186
 <b>Consisting of:</b>		
Cash and cash equivalents, unrestricted	\$ 110,348	\$ 94,825
Cash and cash equivalents, restricted	57,106	91,361
	\$ 167,454	\$ 186,186

See Notes to Financial Statements

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

**December 31, 2019**

**1. NATURE OF OPERATIONS**

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:

**Basis of Accounting**

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

**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.

**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

**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.

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

**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**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 7).

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

**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.

**3. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS**

	2019	2018
Casino Cash	\$ 57,106	\$ 91,361
Raffle Cash	-	-
	\$ 57,106	\$ 91,361

**4. SHORT TERM INVESTMENTS**

Short term investments include a non-redeemable Guaranteed Investment Certificate that earns interest at 1.55% and matured on April 3, 2019.

**5. PREPAID EXPENSE**

Prepaid expense consists of insurance, rent and other expenses prepaid for 2020.

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

December 31, 2019

**6. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net 2019	Net 2018
Rink	\$ 26,198	\$ 21,599	\$ 4,599	\$ 7,107
Furniture and equipment	18,949	17,432	1,517	-
Shed	832	748	84	167
	<u>\$ 45,979</u>	<u>\$ 39,779</u>	<u>\$ 6,200</u>	<u>\$ 7,274</u>

**7. DEFERRED CAPITAL CONTRIBUTIONS**

	2019	2018
Beginning balance	\$ 497	\$ 580
Amortization	(83)	(83)
Balance to next year	<u>\$ 414</u>	<u>\$ 497</u>

**8. CASINO CONTRIBUTIONS**

	2019	2018
Casino cash, beginning of year	\$ 91,361	\$ 142,731
Proceeds from casino	-	67,315
Casino advisor proceeds	-	2,213
Casino advisor expenses	-	(2,213)
Fund transfer from Raffles	-	1,550
Interest revenue	1,475	1,664
Parks Foundation funds	51,825	-
Casino Cash, end of the year (Note 3)	(57,106)	(91,361)
Funds contributed to Operations	<u>\$ 87,555</u>	<u>\$ 121,899</u>

**Breakdown of Casino Funds Contributed to Operations:**

	2019	2018
Funds used for Playground	\$ -	\$ 57,676
Funds used for Mural Art Project	-	50,000
Funds used for Creating Coventry	66,825	-
Funds used for operations	20,730	14,223
Total contributed to Operations	<u>\$ 87,555</u>	<u>\$ 121,899</u>

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

**December 31, 2019**

**9. 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. On January 1, 2020, this sub-lease agreement has been extended for one more year and expiring on December 31, 2020.

**10. 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.

**11. COMMITMENT**

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

**12. GRANTS**

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

	<u>2019</u>	<u>2018</u>
CFEP Grant for Creating Coventry Sport Court	\$ 101,648	\$ -
City of Calgary Gift of Joy Grant	3,000	-
CFEP Grant for Harvest Hills Community Hub	-	116,000
Neighbour Day	-	1,000
WCEF for Mural Project	-	1,000
	<u>\$ 104,648</u>	<u>\$ 118,000</u>

**13. COVENTRY SPORT COURT**

On December 31, 2019, the Parks Foundation, Calgary, was holding \$101,648 for the construction of an ice surface and winter water source at the Coventry Sport Court.

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

**December 31, 2019**

**14. MURAL ART PROJECT COMMITMENT**

During 2018, 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. SUBSEQUENT EVENTS**

The global Covid-19 pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Association's ability to continue to service its members is dependent on the continued ability to generate revenue and manage expenses.

**16. COMPARATIVE FIGURES**

The comparative 2018 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, 2019

<b>Revenue</b>	<b>2019</b>	<b>2018</b>
Grants (Note 12)	\$ 104,648	\$ 118,000
Seniors	3,916	4,000
Events	2,493	350
Business fair	638	115
Community garden	349	843
Creating Coventry	-	357
Arts and Crafts	-	229
	<u>112,044</u>	<u>123,894</u>
 <b>Expenses</b>		
Creating coventry	116,648	553
Harvest Hills outdoor comm Hub	55,959	173,105
Seniors programs	14,143	12,146
Community programs	6,890	7,015
City programs - Skateboard park	1,805	825
Board/conferences/meetings	1,433	1,524
Business fair	1,250	1,068
Ice rink	1,210	1,348
Community garden	817	810
Northern Hills connect	55	148
Mural project	-	56,417
Community contest prize	-	720
Youth	-	194
	<u>200,210</u>	<u>255,873</u>
	<u>\$ (88,166)</u>	<u>\$ (131,979)</u>

**NORTHERN HILLS COMMUNITY ASSOCIATION**  
**SCHEDULE 2 - SPORTS ANALYSIS**

For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Children's soccer	\$ 48,344	\$ 51,315
Sponsorship - soccer	19,130	11,430
Adult slopitch	-	2,847
Sponsorship - Northern Lights	-	915
	<u>67,474</u>	<u>66,507</u>
<b>Expenses</b>		
Children's soccer	39,131	40,978
Adult slopitch	10	3,463
Women soccer	-	7,307
Medals	-	2,047
Volunteer deposits returned	-	300
	<u>39,141</u>	<u>54,095</u>
	<u>\$ 28,333</u>	<u>\$ 12,412</u>

**SCHEDULE 3 - NEWSLETTER / ADVERTISING**

For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>Revenue</b>		
Advertising	\$ 109,115	\$ 127,339
<b>Expenses</b>		
Printing/Commission	<u>106,084</u>	<u>108,484</u>
	<u>\$ 3,031</u>	<u>\$ 18,855</u>