NORTHERN HILLS COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

December 31, 2020

Member of the

NORTHERN HILLS COMMUNITY ASSOCIATION

December 31, 2020

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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, 2020, 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, 2020, 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, 2020, current assets as at December 31, 2020, and net assets as at January 1, 2020 and December 31, 2020. My auditor's opinion on the financial statements for the year ended December 31, 2019 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.

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.

Anthony Chiu

Calgary, Alberta
March 30, 2021

Anthony Chiu
Chartered Professional Accountant

NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	**$ 73,307**	$ 110,348
Externally restricted assets (Note 3)	**105,087**	57,106
Short term investments, unrestricted (Note 4)	**30,000**	-
Accounts receivable, unrestricted (Note 5)	**31,792**	15,892
Inventory (Note 6)	**9,822**	25,000
Prepaid expenses (Note 7)	**5,021**	12,455
	255,029	220,801
Property and Equipment (Note 8)	**13,908**	6,200
	$ 268,937	$ 227,001
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 7,481**	$ 10,492
GST payable	**1,452**	3,085
Vacation and overtime payable	**1,487**	3,128
Deferred revenue	**2,016**	2,892
Deferred cash contributions (Note 3)	**105,087**	57,106
	117,523	76,703
Long Term Debt (Note 9)	**60,000**	-
Deferred Capital Contributions (Note 10)	**331**	414
	177,854	77,117
NET ASSETS		
Unrestricted	**77,506**	144,098
Invested in property and equipment	**13,577**	5,786
	91,083	149,884
	$ 268,937	$ 227,001

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

Asim Riaz _____ Director

See Notes to the Financial Statements

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

For the Year Ended December 31, 2020

	Unrestricted	Invested in Property and Equipment	2020 Totals	2019 Totals
Balances, beginning of the year	**$ 144,098**	**$ 5,786**	**$ 149,884**	$ 244,246
Transfer	**(15,877)**	**15,877**	**-**	-
Deficiency of revenue over expenses	**(50,715)**	**(8,086)**	**(58,801)**	(94,362)
Balances, end of the year	**$ 77,506**	**$ 13,577**	**$ 91,083**	$ 149,884

See Notes to Financial Statements

NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2020

	2020	2019
Revenue		
Community events & programs (Schedule 1)	**$ 124,624**	$ 112,044
Advertising/newsletter (Schedule 3)	**43,054**	109,115
Sports (Schedule 2)	**21,857**	67,474
Casino contributions (Note 11)	**13,226**	87,555
Membership	**9,431**	15,620
Interest income	**901**	3,839
Amortization of deferred capital contributions	**83**	83
	213,176	395,730
Expenditures		
Administration and wages	**150,757**	112,775
Newsletter (Schedule 3)	**33,889**	106,085
Community events & programs (Schedule 1)	**42,701**	200,209
Sports (Schedule 2)	**9,444**	39,141
Amortization	**8,169**	2,970
Professional fees	**7,429**	6,497
Rent and storage	**7,227**	11,426
Insurance	**4,518**	4,554
Telecommunication & website	**3,825**	2,392
Bank charges	**2,482**	3,568
Marketing	**1,536**	475
	271,977	490,092
Deficiency of revenue over expenses	**$ (58,801)**	$ (94,362)

See Notes to Financial Statements

NORTHERN HILLS COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2020

	2020	2019
Cash generated from/(used in):		
Cash Flows from Operating Activities		
Deficiency of revenue over expenses	**$ (58,801)**	$ (94,362)
Charges not affecting cash:		
Amortization expense	**8,169**	2,970
Amortization of deferred capital contributions	**(83)**	(83)
Changes in non-cash operating working capital:		
Accounts receivable	**(72,204)**	13,731
GST receivable	**(1,633)**	1,069
Prepaid expenses	**7,434**	(7,850)
Accounts payable and accrued liabilities	**(3,011)**	2,778
Vacation and overtime payable	**(1,641)**	(3)
Deferred revenue	**(876)**	(12,536)
	(122,646)	(94,286)
Cash Flows from Financing Activity		
Receipt of deferred cash contributions	**47,981**	(34,255)
Proceeds from long term debt	**60,000**	-
	107,981	(34,255)
Cash Flows from Investing Activities		
Purchase of property and equipment	**(699)**	(1,896)
Purchase of investments	**(30,000)**	111,705
	(30,699)	109,809
Decrease in Cash and Cash Equivalents	**(45,364)**	(18,732)
Cash and cash equivalents, beginning of the year	**167,454**	186,186
Cash and Cash Equivalents, End of the Year	**$ 122,090**	$ 167,454
Consisting of:		
Cash and cash equivalents, unrestricted	**$ 73,307**	$ 110,348
Cash and cash equivalents, restricted (Note 3)	**48,783**	57,106
	$ 122,090	$ 167,454

See Notes to Financial Statements

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

December 31, 2020

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 October 17, 1994 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:

(a) Basis of Accounting

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

(b) 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 revenue on the same basis as the related capital asset is amortized to expense.

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

(c) 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.

(d) Inventory

Inventory consisting of gift cards, soccer clothing, and sport equipment for operations. All inventory is recorded at the lower of cost or replacement cost using the FIFO (first in - first out) method. Gift cards held in inventory are handed out at events or used as promotional material.

(e) Property and Equipment

Since 2014, property and equipment of $500 and over are recorded at cost and are being amortized using the straight line method:

Office Equipment	5 years
Rink	10 years
Shed	10 years
Small Tools	3 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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 and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and long term debt.

Financial Risk

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

(g) Measurement Uncertainty

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.

Estimates and assumptions include the collectible of receivables, the useful life of property and equipment, and the amounts recorded as accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS

	2020	2019
Casino Cash (Note 11)	**$ 44,283**	$ 57,106
City of Calgary grant	**4,500**	-
Total restricted cash	**48,783**	57,106
Casino proceeds receivable	**56,304**	-
	$ 105,087	$ 57,106

4. SHORT TERM INVESTMENTS

Short term investments include a non-redeemable Guaranteed Investment Certificate that earns interest at 0.80% with maturity on December 17, 2021.

5. ACCOUNTS RECEIVABLE

	2020	2019
Trade receivable	**$ 31,792**	$ 30,682
Allowance for doubtful accounts	**-**	(14,790)
	$ 31,792	$ 15,892

6. INVENTORY

During this year, tool inventory amount of $15,178 has been used in operations and moved to property and equipment as small tools.

7. PREPAID EXPENSES

Prepaid expense consists of insurance, rent and other expenses prepaid for 2021.

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2020	Net 2019
Office equipment	**$ 19,648**	**$ 17,951**	**$ 1,697**	$ 1,517
Rink	**26,199**	**24,106**	**2,093**	4,599
Shed	**832**	**832**	**-**	84
Small tools	**15,177**	**5,059**	**10,118**	-
	$ 61,856	**$ 47,948**	**$ 13,908**	$ 6,200

9. LONG TERM DEBT

The Association has a Canada Emergency Business Account ("CEBA") loan with Servus Credit Union, authorized to a maximum of $60,000, of which $60,000 has been drawn. This loan bears interest at 0.0% per annum before December 31, 2022 and 5.0% per annum after January 1, 2023. No required repayment before December 31, 2022. As a repayment incentive, if $40,000 is repaid on or prior December 31, 2020, the remaining outstanding balance will be forgiven.

10. DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
Beginning balance	**$ 414**	$ 497
Amortization	**(83)**	(83)
Balance to next year	**$ 331**	$ 414

11. CASINO CONTRIBUTIONS

	2020	2019
Casino cash, beginning of year	**$ 57,106**	$ 91,361
Casino advisor proceeds	**2,351**	-
Casino advisor expenses	**(2,351)**	-
Interest revenue	**403**	1,475
Transfer from general	**-**	51,825
Casino Cash, end of the year (Note 3)	**(44,283)**	(57,106)
Funds contributed to Operations	**$ 13,226**	$ 87,555

12. GRANTS

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

	2020	2019
CFEP Grant for Creating Coventry Sport Court	**$ -**	$ 101,648
City of Calgary - Covid-19 Relief Fund	**55,608**	-
Government of Canada - CEWS Subsidy	**50,436**	-
City of Calgary - Gift of Joy Grant	**4,400**	3,000
Government of Canada - Summer Student Grant	**4,694**	-
	$ 115,138	$ 104,648

13. COMMITMENT

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, 2021, this sub-lease agreement has been extended for one more year and expiring on December 31, 2021.

14. 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.

15. 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 and agreement with the property owners, 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 contact 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.

16. 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.

NORTHERN HILLS COMMUNITY ASSOCIATION
SCHEDULE 1 - COMMUNITY EVENTS & PROGRAMS

For the Year Ended December 31, 2020

	2020	2019
Revenue		
Grants (Note 12)	**$ 115,138**	$ 104,648
Community garden	**2,142**	349
Seniors	**2,093**	3,916
Sponsorship - gift of joy	**2,031**	-
Events	**1,700**	2,493
Good Food Box	**1,520**	-
Business fair	**-**	638
	124,624	112,044
Expenses		
Seniors programs	**23,238**	14,143
Community programs	**16,126**	6,889
Ice rink	**1,208**	1,210
Harvest Hills outdoor comm hub	**903**	55,959
Board/conferences/meetings	**759**	1,433
Community garden	**317**	817
Business fair	**150**	1,250
Creating Coventry	**-**	116,648
City programs - skateboard park	**-**	1,805
Northern Hills connect	**-**	55
	42,701	200,209
	$ 81,923	$ (88,165)

NORTHERN HILLS COMMUNITY ASSOCIATION
SCHEDULE 2 - SPORTS ANALYSIS

For the Year Ended December 31, 2020

	2020	2019
Revenue		
Children's soccer	**$ 18,617**	$ 48,344
Sponsorship - soccer	**3,000**	19,130
Sports program	**240**	-
	21,857	67,474
Expenses		
Children's soccer	**9,444**	39,131
Adult slopitch	**-**	10
	9,444	39,141
	$ 12,413	$ 28,333

SCHEDULE 3 - NEWSLETTER / ADVERTISING

For the Year Ended December 31, 2020

	2020	2019
Revenue		
Advertising	**$ 43,054**	$ 109,115
Expenses		
Printing/Commission	**33,889**	106,084
	$ 9,165	$ 3,031