

# **NORTHERN HILLS COMMUNITY ASSOCIATION**

## **FINANCIAL STATEMENTS** (Audited)

**December 31, 2021**

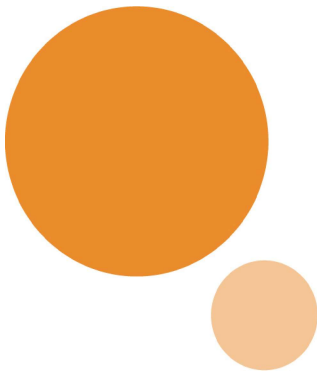


# NORTHERN HILLS COMMUNITY ASSOCIATION

December 31, 2021

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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, 2021, 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, 2021, 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, 2021, current assets as at December 31, 2021, and net assets as at January 1, 2021 and December 31, 2021. My auditor's opinion on the financial statements for the year ended December 31, 2020 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.

Calgary, Alberta  
April 27, 2022



Anthony Chiu  
Chartered Professional Accountant

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

**As at December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, unrestricted	\$ 79,324	\$ 73,307
Externally restricted assets (Note 3)	48,990	105,087
Short term investments, unrestricted (Note 4)	10,000	30,000
Accounts receivable, unrestricted (Note 5)	13,203	31,792
GST receivable	8,452	-
Inventory (Note 6)	4,546	9,822
Prepaid expenses (Note 7)	3,961	5,021
	<b>168,476</b>	<b>255,029</b>
<b>Property and Equipment (Note 8)</b>	<b>32,878</b>	<b>13,908</b>
	<b>\$ 201,354</b>	<b>\$ 268,937</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,407	\$ 7,481
GST payable	-	1,452
Vacation and overtime payable	-	1,487
Deferred revenue	4,135	2,016
Deferred cash contributions (Note 3)	48,990	105,087
	<b>62,532</b>	<b>117,523</b>
<b>Long Term Debt (Note 9)</b>	<b>60,000</b>	<b>60,000</b>
<b>Deferred Capital Contributions (Note 10)</b>	<b>11,863</b>	<b>331</b>
	<b>134,395</b>	<b>117,854</b>
<b>NET ASSETS</b>		
Unrestricted	45,944	77,506
Invested in property and equipment	21,015	13,577
	<b>66,959</b>	<b>91,083</b>
	<b>\$ 201,354</b>	<b>\$ 208,937</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, 2021**

	<u>Unrestricted</u>	<u>Invested in Property and Equipment</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Balances, beginning of the year	\$ 77,506	\$ 13,577	\$ 91,083	\$ 149,884
Transfer	(19,755)	19,755	-	-
Deficiency of revenue over expenses	(11,807)	(12,317)	(24,124)	(58,801)
Balances, end of the year	<u>\$ 45,944</u>	<u>\$ 21,015</u>	<u>\$ 66,959</u>	<u>\$ 91,083</u>

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

**For the Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Community events & programs (Schedule 1)	\$ 181,193	\$ 124,624
Casino contributions (Note 11)	46,522	13,226
Sports (Schedule 2)	44,031	21,857
Advertising/newsletter (Schedule 3)	22,075	43,054
Membership	10,218	9,431
Amortization of deferred capital contributions	2,880	83
Interest income	697	901
	<b>307,616</b>	<b>213,176</b>
<b>Expenditures</b>		
Administration and wages	186,896	150,757
Community events & programs (Schedule 1)	69,903	42,701
Sports (Schedule 2)	26,898	9,444
Amortization	15,197	8,169
Rent and storage	9,939	7,227
Professional fees	6,403	7,429
Newsletter (Schedule 3)	4,502	33,889
Insurance	4,116	4,518
Telecommunication & website	4,027	3,825
Bank charges	3,138	2,482
Marketing	721	1,536
	<b>331,740</b>	<b>271,977</b>
<b>Deficiency of revenue over expenses</b>	<b>\$ (24,124)</b>	<b>\$ (58,801)</b>

See Notes to Financial Statements



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

**For the Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Cash generated from/(used in):</b>		
<b>Cash Flows from Operating Activities</b>		
Deficiency of revenue over expenses	\$ (24,124)	\$ (58,801)
Charges not affecting cash:		
Amortization expense	15,197	8,169
Amortization of deferred capital contributions	(2,880)	(83)
Changes in non-cash operating working capital:		
Accounts receivable	74,893	(72,204)
GST receivable	(9,904)	(1,633)
Inventory	5,276	15,178
Prepaid expenses	1,060	7,434
Accounts payable and accrued liabilities	1,926	(3,011)
Vacation and overtime payable	(1,487)	(1,641)
Deferred revenue	2,119	(876)
	<b>62,076</b>	<b>(107,468)</b>
<b>Cash Flows from Financing Activities</b>		
(Used) receipt of deferred cash contributions	(56,097)	47,981
Transfer to deferred capital contributions	14,412	-
Proceeds from long term debt	-	60,000
	<b>(41,685)</b>	<b>107,981</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(34,167)	(15,877)
Redemption of investments	30,000	-
Purchase of investments	(10,000)	(30,000)
	<b>(14,167)</b>	<b>(45,877)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,224</b>	<b>(45,364)</b>
Cash and cash equivalents, beginning of the year	<b>122,090</b>	<b>167,454</b>
<b>Cash and Cash Equivalents, End of the Year</b>	<b>\$ 128,314</b>	<b>\$ 122,090</b>
 <b>Consisting of:</b>		
Cash and cash equivalents, unrestricted	\$ 79,324	\$ 73,307
Cash and cash equivalents, restricted (Note 3)	48,990	48,783
	<b>\$ 128,314</b>	<b>\$ 122,090</b>

See Notes to Financial Statements

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

**December 31, 2021**

**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 redeemable 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.

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

**December 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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 and Sporting Goods	3 years

**(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 excess of revenue over expenses.

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.

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

**December 31, 2021**

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

	<b>2021</b>	<b>2020</b>
Casino Cash (Note 11)	\$ <b>40,928</b>	\$ 44,283
City of Calgary grant	<b>8,062</b>	4,500
Total restricted cash	<b>48,990</b>	48,783
Casino proceeds receivable	-	56,304
	<b>\$ 48,990</b>	\$ 105,087

**4. SHORT TERM INVESTMENTS**

Short term investments include a non-redeemable Guaranteed Investment Certificate that earns interest at 0.60% with maturity on February 2, 2022.

**5. ACCOUNTS RECEIVABLE**

	<b>2021</b>	<b>2020</b>
Trade receivable	\$ <b>384</b>	\$ 29,202
Grants receivable	<b>12,819</b>	2,590
	<b>\$ 13,203</b>	\$ 31,792

**6. INVENTORY**

During this year, tool inventory amount of \$11,087 has been used in operations and moved to property and equipment as small tools and sporting goods.

**7. PREPAID EXPENSES**

Prepaid expense consists of insurance and damage deposit prepaid for 2022.

**8. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2021</b>	<b>Net 2020</b>
Office equipment	\$ <b>34,126</b>	\$ <b>21,366</b>	\$ <b>12,760</b>	\$ 1,697
Rink	<b>34,801</b>	<b>27,133</b>	<b>7,668</b>	2,093
Shed	<b>832</b>	<b>832</b>	-	-
Small tools and sporting goods	<b>26,264</b>	<b>13,814</b>	<b>12,450</b>	10,118
	<b>\$ 96,023</b>	<b>\$ 63,145</b>	<b>\$ 32,878</b>	\$ 13,908

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

**December 31, 2021**

**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, 2023 and 5.0% per annum after January 1, 2024. No required repayment before December 31, 2023. As a repayment incentive, if \$40,000 is repaid on or prior December 31, 2023, the remaining outstanding balance will be forgiven.

**10. DEFERRED CAPITAL CONTRIBUTIONS**

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 331	\$ 414
Casino funds spent on capital assets (Note 11)	14,412	-
Amortization	(2,880)	(83)
Balance to next year	<u>\$ 11,863</u>	<u>\$ 331</u>

**11. CASINO CONTRIBUTIONS**

	<u>2021</u>	<u>2020</u>
Casino cash, beginning of year	\$ 44,283	\$ 57,106
Proceeds from casino	56,304	-
Casino advisor proceeds	-	2,351
Casino advisor expenses	-	(2,351)
Raffles income	972	-
Interest revenue	303	403
Spent on property and equipment (Note 10)	(14,412)	-
Casino Cash, end of the year (Note 3)	<u>(40,928)</u>	<u>(44,283)</u>
Funds contributed to Operations	<u>\$ 46,522</u>	<u>\$ 13,226</u>

**12. GRANTS**

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

	<u>2021</u>	<u>2020</u>
Government of Canada - CEWS Subsidy	\$ 54,673	\$ 50,436
Government of Canada - CERS Subsidy	4,382	-
Government of Canada - Summer Job Grant	43,968	4,694
City of Calgary - Gift of Joy	8,800	4,400
City of Calgary - Social Service Support Grant	25,000	-
City of Calgary - Covid-19 Relief Fund	21,339	55,608
City of Calgary - Embrace the Outdoors Grant	88	-
City of Calgary - Micro-Coventry Community Precious Grant	850	-
	<u>\$ 159,100</u>	<u>\$ 115,138</u>

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

**December 31, 2021**

**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, 2022, this sub-lease agreement has been extended for one more year and expiring on December 31, 2022.

**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 since March 2020. Although the disruption from the virus is expected to be temporary, there is still uncertainty at the end of the 2021 fiscal year. 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, manage expenses, and receive grants and subsidies.

**NORTHERN HILLS COMMUNITY ASSOCIATION**  
**SCHEDULE 1 - COMMUNITY EVENTS & PROGRAMS**

For the Year Ended December 31, 2021

<b>Revenue</b>	<b>2021</b>	<b>2020</b>
Grants (Note 12)	\$ 159,100	\$ 115,138
Sponsorship and fundraising	11,336	2,031
Good Food Box	7,775	1,520
Seniors	1,852	2,093
Community garden	589	2,142
Events	541	1,700
	<u>181,193</u>	<u>124,624</u>
<b>Expenses</b>		
Community programs	52,968	16,126
Seniors programs	9,420	23,238
Community garden	3,641	317
Ice rink	1,570	1,208
Harvest Hills outdoor comm hub	1,028	903
Creating Coventry	850	-
Board/conferences/meetings	426	759
Business fair	-	150
	<u>69,903</u>	<u>42,701</u>
	<u>\$ 111,290</u>	<u>\$ 81,923</u>

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

For the Year Ended December 31, 2021

	2021	2020
<b>Revenue</b>		
Children's soccer	\$ 37,828	\$ 18,617
Sponsorship - soccer	3,525	3,000
Adult slopitch	2,678	-
Sports program	-	240
	<b>44,031</b>	<b>21,857</b>
<b>Expenses</b>		
Children's soccer	26,898	9,444
Adult slopitch	-	-
	<b>26,898</b>	<b>9,444</b>
	<b>\$ 17,133</b>	<b>\$ 12,413</b>

**SCHEDULE 3 - NEWSLETTER / ADVERTISING**

For the Year Ended December 31, 2021

	2021	2020
<b>Revenue</b>		
Advertising	\$ 22,075	\$ 43,054
<b>Expenses</b>		
Printing/Commission	4,502	33,889
	<b>\$ 17,573</b>	<b>\$ 9,165</b>