

CRESCENT HEIGHTS COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

December 31, 2019

a member of



CRESCENT HEIGHTS COMMUNITY ASSOCIATION

December 31, 2019

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MICHAEL IHEKUNA CPA
Chartered Professional Accountant

Independent Auditor's Report

To the Members of:
Crescent Heights Community Association

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the Statement of Financial Position of the Crescent Heights Community Association as at December 31, 2019 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2019.

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 Crescent Heights Community Association as at December 31, 2019 and the results of its operations and cash flows for the year ended December 31, 2019 in accordance with Canadian accounting standards for not-for-profit associations.

Basis for Qualified Opinion

In common with many not-for-profit associations, the Crescent Heights Community Association derives revenue from certain fundraising 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 Crescent Heights Community 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 conducted my audit in accordance with Canadian auditing standards. I am independent of the Crescent Heights 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 audit opinion.

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 associations 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, management is responsible for assessing the Crescent Heights 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 judgement, 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, concluding on the appropriateness of management's use of the going concern basis of accounting 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 audit findings including any significant deficiencies in internal control that I identify during my audit.

Calgary, Alberta
March 10, 2020



Michael Ihekuna CPA
Chartered Professional Accountant

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CRESCENT HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 135,461	\$ 201,150
Externally restricted assets (Note 3)	32,475	114,340
Accounts receivable	66,638	18,414
Prepaid expenses	5,328	4,733
GST receivable	14,057	937
	<u>253,959</u>	<u>339,574</u>
PROPERTY AND EQUIPMENT (Note 4)	<u>266,150</u>	<u>64,489</u>
	<u>\$ 520,109</u>	<u>\$ 404,063</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,286	\$ 15,854
Deferred cash contributions (Note 3)	32,475	114,340
Deferred revenue	12,155	20,320
	<u>54,916</u>	<u>150,514</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	<u>253,038</u>	<u>50,229</u>
	<u>307,954</u>	<u>200,743</u>
NET ASSETS		
Unrestricted	199,043	189,060
Invested in property and equipment	13,112	14,260
	<u>212,155</u>	<u>203,320</u>
	<u>\$ 520,109</u>	<u>\$ 404,063</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

CRESCENT HEIGHTS 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	189,060	14,260	203,320	217,195
Excess of revenue	9,983	(1,148)	8,835	(13,875)
Balances, end of the year	\$ 199,043	13,112	212,155	203,320

See Notes to the Financial Statements

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2019

	2019	2018
REVENUE		
Grant contributions (Note 8)	\$ 71,057	26,912
Hall rentals	57,866	71,379
Casino contributions (Note 6)	42,252	39,372
Membership	3,147	2,646
Community events & programs	911	941
Community garden	476	-
Rebates, miscellaneous	357	61
Interest	25	-
Gain on disposal of equipment	-	26,912
	176,091	141,311
EXPENSES		
Community events / programs (Schedule 1)	61,137	52,715
Hall maintenance and administration (Schedule 1)	50,430	41,620
Payroll	17,806	5,950
Professional fees	10,301	24,079
Utilities (Schedule 1)	9,860	9,613
Office	7,637	12,848
Insurance	5,217	4,240
Bank charges	1,548	1,557
Volunteer appreciation	551	762
Donations	500	-
	164,987	153,384
Excess of revenue before amortization	11,104	(12,073)
Amortized contributions (Note 5)	40,237	16,143
Amortization expense	(42,506)	(17,945)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 8,835	\$ (13,875)

See Notes to the Financial Statements

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2019

	2019	2018
FUNDS PROVIDED BY (USED IN) OPERATIONS		
Excess (Deficiency) of revenue over expenses	\$ 8,835	\$ (13,875)
Charges not requiring cash outlay:		
Amortization expense	42,506	17,945
Amortized contributions (Note 5)	(40,237)	(16,143)
Changes in non-cash operating working capital:		
Accounts receivable	(48,225)	(17,483)
Goods and services tax	(13,121)	(1,127)
Prepaid expenses	(595)	(4,733)
Accounts payable and accrued liabilities	(5,566)	(4,399)
Deferred revenue	(8,165)	(3,260)
Net increase in working capital	(64,568)	(43,075)
INVESTING ACTIVITIES		
Building renovations	(244,167)	-
Purchase of furniture and equipment	-	(8,030)
	(244,167)	(8,030)
FINANCING ACTIVITIES		
Deferred capital contribution (Note 5)	243,046	3,135
Net transfer to (use of) deferred cash contributions	(81,865)	76,808
	161,181	79,943
Increase (decrease) in cash and cash equivalents	(147,554)	28,838
Cash and cash equivalents, beginning of the year	315,490	286,652
Cash and cash equivalents, end of the year	\$ 167,936	\$ 315,490
Cash and cash equivalents consists of:		
Unrestricted cash	\$ 135,461	\$ 201,150
Externally restricted cash	32,475	114,340
	\$ 167,936	\$ 315,490

See Notes to the Financial Statements

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2019

1. NATURE OF THE ORGANIZATION

The Crescent Heights Community Association (C.H.C.A.) was incorporated on June 2, 1977 as a not-for-profit association and is exempt from income tax under section 149 of the Income Tax Act.

C.H.C.A. was established to promote neighbourliness, community cohesiveness and communication among all of the community residents and businesses, through advocacy, support and leadership for the protection and enhancement of the community.

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 C.H.C.A.

(b) Revenue Recognition

Externally restricted contributions are recorded according to the deferral method where revenue is recognized when the related expense occurs.

Operating revenue is recognized when received or reasonable assurance is given that it 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) Property and Equipment

Capital assets are recorded at cost and amortized over their estimated useful lives using the straight line method over 10 years. No residual value is taken into consideration.

The community building was constructed on land leased from the City of Calgary. The initial cost of the building is not recorded in these financial statements.

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

(e) Financial Instruments

Measurement of financial instruments

C.H.C.A. 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 and accounts payable.

Risk

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

3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Assets generated from casino activities are restricted to spending according to Alberta Gaming Regulations.

Unspent grant funding is restricted to be spent on approved expenditures only.

	2019	2018
Casino bank	\$ 15,376	\$ 65,070
Restricted funds held in general bank (Note 8)	17,261	49,432
General funds held in casino bank	(162)	(162)
	\$ 32,475	\$ 114,340

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2019 Net	2018 Net
Facility enhancement	\$ 576,282	327,466	248,816	43,961
Furniture & equipment	45,134	27,801	17,333	20,527
	\$ 621,416	355,267	266,150	64,489

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2019

5. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted cash spent on capital assets is recorded as deferred capital contributions and is amortized on the same basis as the related capital asset.

	2019	2018
Balance from previous year	\$ 50,229	\$ 63,237
Contributed by casino funds	7,442	3,135
Contributed by grant funds	235,604	-
Amortized contributions	(40,237)	(16,143)
Carried forward to next year	<u><u>\$ 253,038</u></u>	<u><u>\$ 50,229</u></u>

6. CASINO CONTRIBUTIONS

	2019	2018
Balance from previous year	\$ 64,908	\$ 37,532
Casino proceeds received	-	70,351
Casino advisor reimbursement	-	2,213
Casino advisor fees	-	(2,213)
Interest and bank charges	-	(468)
Spent on property and equipment (Note 5)	(7,442)	(3,135)
Carried forward to next year	(15,214)	(64,908)
Contributed to operations	<u><u>\$ 42,252</u></u>	<u><u>\$ 39,372</u></u>

7 CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are recognized in the financial statements when the fair value can be reasonably estimated, when the goods or services are used in the normal course of operations and when they would otherwise have been purchased. Contributions for the current year were \$ Nil (2018 - \$ Nil).

A substantial number of volunteers have made significant contributions of their time to develop C.H.C.A's programs. The value of this contributed time is not reflected in these financial statements.

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2019

8. GRANTS

	2019	2018
City of calgary - CCG	\$ 186,338	\$ 18,763
Spent on operation	(9,635)	(18,763)
Spent on capital assets	(176,703)	-
Deferred to next year	-	-
Government of Canada - Summer job grant	8,189	5,149
Spent on operation	(8,189)	(5,149)
Deferred to next year	-	-
Government of alberta - community initiative program	31,432	31,432
Spent on operation	(31,432)	-
Deferred to next year	-	31,432
Government of alberta - Alberta traffic safety fund	18,000	18,000
Spent on operation	(16,855)	-
Deferred to next year	1,145	18,000
Government of Alberta - Community Facility Enhancement Program	77,962	-
Spent on capital assets	(58,901)	-
Spent on operations	(2,945)	-
Deferred to next year	16,116	-
Telus	-	1,000
Spent on operation	-	(1,000)
Deferred to next year	-	-
TD park people	2,000	2,000
Spent on operation	(2,000)	(2,000)
Deferred to next year	-	-
Summary:		
Grants contributed to capital assets	\$ 235,604	\$ -
Grants contributed to operations	\$ 71,056	\$ 26,912
Grants deferred to next year (Note 3)	\$ 17,261	\$ 49,432

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2019

9. MEASUREMENT UNCERTAINTY

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management 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. 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.

CRESCENT HEIGHTS COMMUNITY ASSOCIATION
SCHEDULE 1 - ANALYSIS OF ACCOUNTS

For the Year Ended December 31, 2019

	2019	2018
Community Events / Programs		
AGM	\$ 272	\$ 164
Community clean-up	-	228
Other community events	18,275	10,471
Engagement consultant fees	31,546	26,980
Social events	7,766	12,232
Stampede breakfast	3,278	2,640
	\$ 61,137	\$ 52,715
 Hall Maintenance and Administration		
Hall administration	\$ 20,501	\$ 18,862
Hall cleaning	16,095	8,491
Hall maintenance	13,834	14,267
	\$ 50,430	\$ 41,620
 Utilities		
Electricity	\$ 7,941	\$ 7,349
Telephone	1,919	2,264
	\$ 9,860	\$ 9,613