

DALHOUSIE COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

August 31, 2020

3rd Draft for Discussion Only

a member of



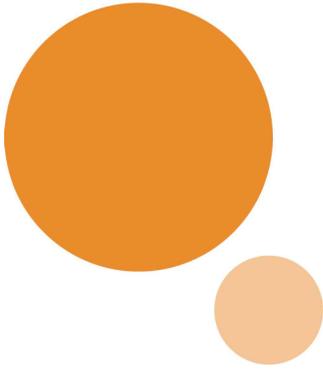
DALHOUSIE COMMUNITY ASSOCIATION

August 31, 2020

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3rd Draft for Discussion Only



Anthony Chiu

Chartered Professional Accountant

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Independent Auditor's Report

To the Members of:
Dalhousie Community Association

Qualified Opinion

I have audited the financial statements of the Dalhousie Community Association (the "Association"), which comprise the Statement of Funds as at August 31, 2020, and the Statements of Operations, Changes in Fund Balances, 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 for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the fund balances of the Association as at August 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, increase (decrease) in funds, and cash flows from operations for the year ended August 31, 2020, current assets as at August 31, 2020, and fund balances as at September 1, 2019 and August 31, 2020. The predecessor auditor's opinion on the financial statements for the year ended August 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

I have 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 the 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 August 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on February 11, 2020 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 general 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 audit 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 audit findings, including any significant deficiencies in internal control that I identify during my audit.

Calgary, Alberta
Date of Board Approval

Anthony Chiu
Chartered Professional Accountant

3rd Draft for Discussion Only

DALHOUSIE COMMUNITY ASSOCIATION

STATEMENT OF FUNDS

(Audited)

As at August 31, 2020

	General Fund	Casino Fund	Preschool Fund	Capital Fund	2020 Totals	2019 Totals
ASSETS						
Current assets						
Cash and cash equivalents	\$ 59,254	\$ -	\$ 5,088	\$ -	\$ 64,342	\$ 306,113
Externally restricted assets (Note 3)	25,316	477	-	-	25,793	13,094
Short term investments (Note 4)	381,236	-	-	-	381,236	207,784
Accounts receivable	24,709	-	20	-	24,729	9,127
GST receivable	3,141	-	-	-	3,141	1,775
Inventory	5	-	-	-	5	30
Prepaid expenses (Note 5)	35,953	-	-	-	35,953	2,738
	529,614	477	5,108	-	535,199	540,661
Long term investments (Note 4)	2,559	-	1,000	-	3,559	2,461
Capital assets (Note 6)	-	-	3,843	1,220,571	1,224,414	1,310,642
	<u>\$ 532,173</u>	<u>\$ 477</u>	<u>\$ 9,951</u>	<u>\$ 1,220,571</u>	<u>\$ 1,763,172</u>	<u>\$ 1,853,764</u>
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 17,431	\$ -	2,500	\$ -	\$ 19,931	\$ 32,443
Wages and payroll source deductions payable	24,609	-	-	-	24,609	14,892
Damage deposits	3,950	-	-	-	3,950	9,850
Deferred revenue	20,675	-	-	-	20,675	37,964
Deferred cash contributions (Note 3)	25,316	477	-	-	25,793	13,094
	91,981	477	2,500	-	94,958	108,243
Deferred capital contributions (Note 7)	-	-	-	604,699	604,699	617,707
	91,981	477	2,500	604,699	699,657	725,950
Fund balances	440,192	-	7,451	615,872	1,063,515	1,127,814
	<u>\$ 532,173</u>	<u>\$ 477</u>	<u>\$ 9,951</u>	<u>\$ 1,220,571</u>	<u>\$ 1,763,172</u>	<u>\$ 1,853,764</u>

COMMITMENTS (Note 11)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

DALHOUSIE COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN FUND BALANCES
(Audited)

For the Year Ended August 31, 2020

	General Fund	Casino Fund	Preschool Fund	Capital Fund	2020 Totals	2019 Totals
Fund balances, beginning of year	\$ 419,654	\$ -	\$ 21,605	\$ 686,555	\$ 1,127,814	\$ 1,181,061
Transfer of funds	14,661	-	(4,920)	(9,741)	-	-
Increase (decrease) in funds	5,877	-	(9,234)	(60,942)	(64,299)	(53,247)
Fund balances, ending of year	<u>\$ 440,192</u>	<u>\$ -</u>	<u>\$ 7,451</u>	<u>\$ 615,872</u>	<u>\$ 1,063,515</u>	<u>\$ 1,127,814</u>

See Notes to the Financial Statements

DALHOUSIE COMMUNITY ASSOCIATION

STATEMENT OF OPERATIONS

(Audited)

For the Year Ended August 31, 2020

	General Fund	Casino Fund	Preschool Fund	Capital Fund	2020 Totals	2019 Totals
Revenue						
Amortization of deferred capital	\$ -	\$ -	\$ -	\$ 37,692	\$ 37,692	\$ 36,296
Casino contributions (Note 9)	-	12,613	-	-	12,613	67,221
Functions	2,031	-	-	-	2,031	3,514
Fundraising / donations	1,232	-	671	-	1,903	9,479
Grant contributions (Note 8)	147,170	-	-	-	147,170	2,342
Interest	6,230	-	20	-	6,250	3,146
Membership	8,917	-	-	-	8,917	10,912
Miscellaneous	152	-	-	-	152	203
Programs	493,765	-	49,148	-	542,913	584,756
Rentals	134,115	-	-	-	134,115	249,653
Subsidies (Note 10)	106,501	-	645	-	107,146	161,141
Vending machine	699	-	-	-	699	1,289
	<u>900,812</u>	<u>12,613</u>	<u>50,484</u>	<u>37,692</u>	<u>1,001,601</u>	<u>1,129,952</u>
Expenses						
Administrative expenses	33,129	-	4,888	-	38,017	30,705
Amortization	-	-	2,535	98,634	101,169	101,547
Business fees and licenses	698	-	-	-	698	5,417
Donations and fundraising	-	-	814	-	814	4,568
Insurance	12,753	-	-	-	12,753	12,751
Interest and bank charges	20,237	-	201	-	20,438	20,718
Professional fees	9,386	-	2,625	-	12,011	17,476
Program delivery and projects	39,802	-	-	-	39,802	44,373
Rent and security	15,629	-	-	-	15,629	11,119
Repair and maintenance	54,941	5,581	-	-	60,522	101,656
Subcontractors	-	-	-	-	-	2,315
Telephone	13,434	1,343	1,082	-	15,859	13,020
Utilities	36,084	5,689	-	-	41,773	40,831
Vending machine purchases	490	-	-	-	490	959
Wages and benefits	658,352	-	47,573	-	705,925	775,744
	<u>894,935</u>	<u>12,613</u>	<u>59,718</u>	<u>98,634</u>	<u>1,065,900</u>	<u>1,183,199</u>
Increase (decrease) in funds	<u>\$ 5,877</u>	<u>\$ -</u>	<u>\$ (9,234)</u>	<u>\$ (60,942)</u>	<u>\$ (64,299)</u>	<u>\$ (53,247)</u>

See Notes to the Financial Statements

DALHOUSIE COMMUNITY ASSOCIATION

STATEMENT OF CONSOLIDATED CASH FLOWS

(Audited)

For the Year Ended August 31, 2020

	2020	2019
FUNDS PROVIDED BY (USED IN) OPERATIONS:		
Decrease in funds	\$ (64,299)	\$ (53,247)
Amortization	101,169	101,547
Amortization of deferred capital	(37,692)	(36,296)
Changes in non-cash operating working capital:		
Account receivable	(15,602)	(3,385)
Goods and Services Tax receivable	(1,366)	799
Inventory	25	(15)
Prepaid expenses	(33,215)	1,538
Accounts payable and accrued liabilities	(12,512)	(10,236)
Wage and payroll source deductions payable	9,717	(6,386)
Damage deposits	(5,900)	400
Deferred revenue	(17,289)	15,947
	(76,964)	10,666
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted funds used to purchases capital assets	24,684	-
Use of (transfer to) deferred cash contributions	12,699	(48,775)
Casino proceeds received	-	67,790
	37,383	19,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Building renovations and leasehold improvements	(13,053)	(34,746)
Purchase of furniture and equipment	(1,888)	(12,078)
Purchase of computer equipment	-	(29,863)
Reinvestment of patronage dividends	(98)	(111)
Purchase of term investment/reinvestment of interest	(174,452)	(3,191)
	(189,491)	(79,989)
Decrease in cash and cash equivalents	(229,072)	(50,308)
Cash and cash equivalents, beginning of the year	319,207	369,515
Cash and cash equivalents, end of the year	\$ 90,135	\$ 319,207
Cash and cash equivalents consist of:		
Cash and cash equivalents, unrestricted	\$ 64,342	\$ 306,113
Cash and cash equivalents, restricted	25,793	13,094
	\$ 90,135	\$ 319,207

See Notes to the Financial Statements

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

1. NATURE OF THE ORGANIZATION

Dalhousie Community Association (the "Association") was incorporated on July 2, 1970 under the provisions of the Societies Act of the Province of Alberta. The Association is a non-profit organization which operates a community centre in Calgary, Alberta. The Association currently holds charity status.

The Association was established to serve and promote the interests of the community as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Externally restricted grants and gaming funds are deferred when received or receivable as deferred cash contributions.

Deferred cash contributions spent on operations are recognized as revenue when spent. Deferred cash contributions spent on capital assets are reclassified as deferred capital contributions and revenue is recognized on the same basis that the related capital asset is amortized.

Donations are recorded when received. Memberships are recorded in the year that they relate to.

(b) Fund Accounting

The Association follows the fund accounting method using the following funds:

General Fund

The general fund includes general operating assets, liabilities, revenues and expenses. This fund also includes externally restricted grants that are deferred until spent.

Casino Fund

The casino fund includes externally restricted casino assets, deferred cash contributions from gaming proceeds, casino contributions to revenue during the year and expenses paid from casino funds. This fund must be spent according to Alberta Gaming approved objectives.

Preschool Fund

The preschool fund includes assets, liabilities, revenues and expenses relating to the preschool operations.

Capital Fund

The capital fund includes property and equipment relating to the General Fund and Casino Fund and the related amortization.

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

Designated cash is restricted for specified purposes and is not available for the Association's general operations. Undesignated cash represents funds available for the Association's general operations.

(d) Income Taxes

The Association is a not-for-profit organization under section 149.1(l) of the Canadian Income Tax Act and is therefore not subject to income taxes as long as it maintains its not-for-profit status.

(e) Goods and Services Tax

As a registered charity, the Association is eligible to receive 50% of the GST paid out back as a rebate.

(f) Inventory

Inventory is recorded at the lower of cost and net realizable value using the first-in, first-out method. Inventory consists of pop and was valued at \$5 at August 31, 2020.

(g) Prepaid Expenses

Prepaid expenses primarily comprise advance payments made to vendors in the current fiscal year for goods and services to be received in the next fiscal year. Prepaid expenses are recognized as expenses in the period when the goods and services are received.

(h) Capital Assets

Capital assets are recorded at cost and amortized over the estimated useful lives of the assets using the straight line method. Amortization is recorded using the following rates:

Building and improvements	20 years
Computer equipment	4 years
Furniture, fixtures and signage	10 years
HVAC system	10 years
Preschool renovations	10 years

(i) Damage Deposits

The Association collects damage deposits from rental engagements that are returned if no damage is incurred.

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Deferred Revenue

Deposits that are received for out of school care are deferred until earned. Prepaid memberships are deferred and recognized as revenue in the period that they relate to.

(k) Contributed Services

A substantial number of volunteers have made significant contributions of their time to develop the Association's programs and carry out its activities. The value of this contributed time is not reflected in these financial statements.

(l) Donated Goods

The Association receives goods donated by individuals and businesses who assist the organization in achieving its mission. The value of these goods is recorded if the value can be verified, the goods are used in ordinary operations and would otherwise have been purchased.

(m) 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 funds date and the reported amounts of revenues and expenses for the period covered.

Estimates and assumptions include the collectibility of accounts receivables, the useful life of capital assets, 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 may be significant.

3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Casino revenue and grant funding are restricted to the objectives approved by Alberta Gaming and Liquor Commission or the grant providers. Until spent they are recorded as deferred cash contributions and remain as liabilities. These funds are held as follows:

	<u>2020</u>	<u>2019</u>
Casino bank account - RBC	\$ -	\$ 3,002
Casino bank account - First Calgary	10,477	20,092
General funds held in casino bank account	<u>(10,000)</u>	<u>(10,000)</u>
Total casino cash	477	13,094
CFEP funds held in general bank account	25,316	-
	<u>\$ 25,793</u>	<u>\$ 13,094</u>

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

4. INVESTMENTS

The Association holds guaranteed investment certificates as follows:

0.75%, maturing April 30, 2021, redeemable	\$	27,225
0.75%, maturing April 30, 2021, redeemable		29,191
0.45%, maturing July 28, 2021, redeemable		103,162
0.95%, maturing July 28, 2021, non-redeemable		51,658
0.95%, maturing August 14, 2021, non-redeemable		170,000
2.10%, maturing September 24, 2024		1,000
First Calgary Credit Union common shares		2,559
		<u>384,795</u>
Short term investments		<u>(381,236)</u>
Long term investments	\$	<u>3,559</u>

5. PREPAID EXPENSES

Prepaid expenses consist of a prepaid insurance of \$3,567, a prepaid fire alarm service of \$667, and a prepaid deposit of \$31,719 for the new HVAC unit.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2020	Net 2019
Building and improvements	\$ 2,477,501	\$ 1,306,716	\$ 1,170,785	\$ 1,237,005
Computer equipment	69,265	52,557	16,708	27,706
Furniture, fixtures and signage	292,107	266,222	25,885	30,345
HVAC system	126,096	118,903	7,193	9,206
Preschool renovations	25,355	21,512	3,843	6,380
	<u>\$ 2,990,324</u>	<u>\$ 1,765,910</u>	<u>\$ 1,224,414</u>	<u>\$ 1,310,642</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted assets like casino funds and grant funding contributed to the purchase of property and equipment is deferred and recognized as revenue on the same basis that the related capital assets are amortized.

	2020	2019
Balance, beginning of the year	\$ 617,707	\$ 635,495
Capital assets purchased by grant funding (Note 8)	24,684	18,508
Recognized as revenue	<u>(37,692)</u>	<u>(36,296)</u>
	<u>\$ 604,699</u>	<u>\$ 617,707</u>

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

8. GRANT CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>
Capital Conservation Grant - City of Calgary		
Received	\$ -	\$ 20,850
Spent on capital assets	-	(18,508)
Carried forward	-	-
Spent on operations	<u>-</u>	<u>2,342</u>
Community Facility Enhancement Program - Province of Alberta		
Received	50,000	-
Spent on capital assets	(24,684)	-
Carried forward	(25,316)	-
Spent on operations	<u>-</u>	<u>-</u>
COVID-19 Operations and Property Relief Support - Province of Alberta		
Received	16,086	-
Carried forward	-	-
Spent on operations	<u>16,086</u>	<u>-</u>
Small and Medium Enterprise Relaunch Grant - Province of Alberta		
Received	5,000	-
Carried forward	-	-
Spent on operations	<u>5,000</u>	<u>-</u>
Canada Emergency Wage Subsidy - Government of Canada		
Received	106,290	-
Carried forward	-	-
Spent on operations	<u>106,290</u>	<u>-</u>
COVID-19 Relief fund - City of Calgary		
Received	18,794	-
Carried forward	-	-
Spent on operations	<u>18,794</u>	<u>-</u>
Other Grant - TD Bank		
Received	1,000	-
Carried forward	-	-
Spent on operations	<u>1,000</u>	<u>-</u>
Total spent on capital assets (Note 7)	<u>\$ 24,684</u>	<u>\$ 18,508</u>
Total spent on operations	<u>\$ 147,170</u>	<u>\$ 2,342</u>

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

9. CASINO CONTRIBUTIONS

	2020	2019
Casino balance, beginning of the year	\$ 13,094	\$ 12,587
Plus: Casino proceeds receivable/ received	-	67,790
Plus: Interest less bank charges	(11)	(73)
Plus: Transfer in from general bank	7	11
Less: Balance carried forward	(477)	(13,094)
Spent on operations	<u>\$ 12,613</u>	<u>\$ 67,221</u>

10. SUBSIDIES

	2020	2019
Out of School Program - Government of Alberta	\$ 100,043	\$ 150,391
Preschool subsidy - Government of Alberta	645	4,950
Staff attraction grant - Government of Alberta	6,458	5,800
	<u>\$ 107,146</u>	<u>\$ 161,141</u>

11. COMMITMENTS

- (a) The Association leases land, on which its community facility is located for a nominal fee of \$150 for the total lease period from the City of Calgary. The lease expires on December 31, 2027.
- (b) The Association has entered into various lease agreements pertaining to janitorial services, garbage removal, security services, general maintenance and monthly IT services for various terms including month-to-month lease agreements. These leases are considered to be in the normal course of operations.

12. FUNDRAISING

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

- Direct costs incurred for the purpose of soliciting contributions \$Nil (2019 - \$Nil)
- Amounts paid as remuneration to employees whose principal duties involve fundraising \$Nil (2019 - \$Nil).

DALHOUSIE COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

August 31, 2020

13. SUBSEQUENT EVENT

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 serve its members is dependent on the continued ability to generate revenue and manage expenses.

14. COMPARATIVE FIGURES

The prior period figures, which were audited by another Chartered Professional Accountant, have been reclassified to conform with the current year presentation.

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