

DOUGLASQUARRY COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

December 31, 2017

DRAFT

a member of



FEDERATION OF
CALGARY COMMUNITIES

DOUGLASQUARRY COMMUNITY ASSOCIATION

December 31, 2017

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Independent Auditor's Report

To the Members of the
DouglasQuarry Community Association

I have audited the financial statements of DouglasQuarry Community Association as at December 31, 2017 which include the Statement of Financial Position and the Statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the year then ended.

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 organizations 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.

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, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, DouglasQuarry 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 DouglasQuarry Community Association and I was not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenses, assets and net assets.

Qualified opinion

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 DouglasQuarry Community Association as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
Date of Board Approval

Nancy Murdoch CPA, CA

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DOUGLASQUARRY COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2017

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	\$ 109,691	\$ 100,533
Cash and cash equivalents, restricted (Note 3)	104,648	80,720
Prepaid expenses	2,870	2,870
	217,209	184,123
 Capital assets (Note 4)	166,022	181,088
	\$ 383,231	\$ 365,211
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,606	\$ 5,737
Deferred cash contributions (Note 3)	104,648	80,720
Deferred revenue	616	-
	123,870	86,457
 Deferred capital contributions (Note 5)	164,120	177,692
	287,990	264,149
 Net assets		
Unrestricted	93,339	97,666
Invested in capital assets	1,902	3,396
	95,241	101,062
	\$ 383,231	\$ 365,211

Approved on behalf of the Board of Directors

_____ Director

_____ Director

DOUGLASQUARRY COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended December 31, 2017

	Unrestricted	Invested in Capital Assets	2017 Totals	2016 Totals
Balance, beginning of the year	\$ 97,666	9,726	107,392	114,527
Prior period adjustment (Note 6)	-	(6,630)	(6,330)	(8,440)
Balance, beginning of the year as restated	97,666	3,096	101,062	106,087
Deficit	(4,327)	(1,194)	(5,821)	(5,025)
Balance, end of the year	\$ 93,339	1,902	95,241	101,062

See Notes to the Financial Statements

DOUGLASQUARRY COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Casino contributions (Note 7)	\$ 9,991	\$ 12,963
Donations and fundraising	3,750	9,470
Events and programs	655	-
Garden (Note 7)	840	1,028
Grant contributions (Note 8)	-	2,300
Landscaping agreement	93,315	-
Membership	9,851	14,288
Newsletter	350	499
Soccer	15,210	19,229
	<u>133,962</u>	<u>59,777</u>
Expenses		
Advertising and promotion	1,197	-
Administration	1,115	1,118
Banner project	-	2,935
Community events	8,170	7,610
Garden (Note 9)	733	1,105
Insurance	1,898	1,624
Landscaping agreement	93,315	-
Memberships	1,971	1,083
Professional fees	4,098	4,617
Repairs and maintenance	-	614
Rink	3,759	5,980
Soccer	14,454	28,319
Storage	2,360	1,161
Utilities	3,638	3,462
Website	1,582	226
	<u>138,290</u>	<u>59,854</u>
Deficit before amortization	(4,328)	(77)
Amortized capital contributions	44,373	42,197
Amortization expense	<u>(45,866)</u>	<u>(47,145)</u>
Deficit	\$ <u>(5,821)</u>	\$ <u>(5,025)</u>

See Notes to the Financial Statements

DOUGLASQUARRY COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Cash flows from operations		
Deficit	\$ (5,821)	\$ (5,025)
Non-cash transactions:		
Amortization expense	45,866	47,145
Amortized capital contributions	<u>(44,373)</u>	<u>(42,197)</u>
	(4,328)	(77)
Changes in non-cash operating working capital:		
Prepaid expenses	-	(226)
Accounts payable and accrued liabilities	12,869	(1,321)
Deferred revenue	616	-
Total cash flows from operations	<u>9,157</u>	<u>(1,624)</u>
Cash flows from financing activities		
Transfer to (use of) deferred cash contributions	<u>31,892</u>	<u>(15,204)</u>
Cash flows from investing activities		
Additions to rinks	(7,963)	(4,972)
Purchase of utility tractor	(22,838)	-
Purchase of garden shed	-	(2,241)
	<u>(30,801)</u>	<u>(7,213)</u>
Decrease in cash and cash equivalents	33,086	(21,800)
Cash and cash equivalents, beginning of the year	<u>181,253</u>	<u>203,053</u>
Cash and cash equivalents, end of the year	<u>\$ 214,339</u>	<u>\$ 181,253</u>
Cash and cash equivalents consist of:		
Unrestricted cash	\$ 109,691	\$ 100,533
Externally restricted cash (Note 3)	<u>104,648</u>	<u>80,720</u>
	<u>\$ 214,339</u>	<u>\$ 181,253</u>

DOUGLASQUARRY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

1. Nature of the organization

Douglasdaleglen Community Association (the "Association") was incorporated under the Societies Act of Alberta on June 2, 1988 as Douglasdale Estates Community Association (subsequently changed to Douglasdaleglen Community Association) to provide and promote the recreational, cultural and social activities of its members. On August 22, 2016, the Association changed its name to DouglasQuarry Community Association to better reflect the communities they serve. As a not-for-profit organization, the Association is exempt from income tax under Section 149 of the Income Tax Act.

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) Basis of accounting

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

(b) Revenue recognition

The Association follows the deferral method of recording externally restricted contributions where revenue is recognized as the related expenses occur.

Newsletter revenue is recorded when the service has been provided and payment has been received or collection is reasonably assured. Soccer and membership is deferred when payment is received and recognized as revenue as the services are provided. Unrestricted donations are recorded as revenue when received.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with an original maturity of three months or less.

(d) Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives. No residual value is taken into consideration. Amortization is calculated using the following rates:

Rinks	Declining balance	20%
Garden beds	Straight line	10 years
Rink shack	Declining balance	10%
Chainlink fence	Straight line	10 years
Snowblower and tractor	Declining balance	30%
Basketball system	Straight line	10 years
Generator	Declining balance	30%

DOUGLASQUARRY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

2. Significant accounting policies, continued

(e) Contributed goods and services

Contributed goods and services are recognized in the financial statements when their fair value can be reasonably determined, when the goods or services are used in the normal course of business of the Association and when they would otherwise have been purchased.

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.

(f) Measurement uncertainty

In accordance with Canadian accounting standards for not-for-profit organizations, estimates and assumptions are made by management in the preparation of these financial statements. Significant areas requiring use of management estimates include the useful life of property and equipment for the purpose of amortization. These estimates impact the amounts included in the financial statements and accompanying notes. Actual results could differ from these estimates.

(g) Financial instruments

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recognized in net income. Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any required write-down is recognized in the statement of operations. If events or circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Financial instruments measured at amortized cost include cash and cash equivalents and accounts payable.

Risk

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

3. Externally restricted assets /deferred cash contributions

	2017	2016
Casino bank account	\$ 104,648	\$ 80,720

Funds received from casino activities are restricted to spending according to Alberta Gaming regulations.

DOUGLASQUARRY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

4. Capital assets

	Cost	Accumulated Amortization	Net 2017	Net 2016
Rinks	\$ 390,892	250,750	140,142	168,829
Garden beds	12,110	8,026	4,084	5,295
Rink shack	3,985	2,518	1,467	1,630
Chainlink fence	2,956	2,069	887	1,183
Snowblower and tractor	31,415	13,286	18,129	2,205
Basketball system	4,937	3,950	987	1,481
Generator	2,766	2,440	326	465
	<u>\$ 449,061</u>	<u>283,039</u>	<u>166,022</u>	<u>181,088</u>

5. Deferred capital contributions

Externally restricted contributions for the purchase of capital assets have been deferred and will be recognized on the same basis as the related capital asset is amortized.

	2017	2016
Balance, beginning of year	\$ 177,692	\$ 214,916
Casino funds spent on capital assets	30,801	4,973
Recognized as amortized contributions	(44,373)	(42,197)
Balance, end of year	<u>\$ 164,121</u>	<u>\$ 177,692</u>

6. Prior period adjustment

During the year it was noted that the tennis courts were not written off due to the flood in 2013 in error and therefore a prior period adjustment has been made. The net effect on the prior year financial statements is as follows:

Decrease to capital assets	\$6,330
Decrease to amortization expense	\$2,110
Decrease to opening net assets	\$8,440

DOUGLASQUARRY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

December 31, 2017

7. Casino contributions

	<u>2017</u>	<u>2016</u>
Opening balance	\$ 80,720	\$ 98,656
Casino proceeds received	64,720	-
Purchase of capital assets	(30,801)	(4,973)
Carried forward	(104,648)	(80,720)
Spent on operations	<u>\$ 9,991</u>	<u>\$ 12,963</u>

8. Garden

	<u>2017</u>	<u>2016</u>
Opening balance	\$ 835	\$ 3,240
Membership fees received	840	1,028
Purchase of capital assets	-	(2,241)
Bank charges	(78)	(87)
Ending bank balance	(864)	(835)
Spent on garden operations	<u>\$ 733</u>	<u>\$ 1,105</u>

9. Grants

	<u>2017</u>	<u>2016</u>
City of Calgary grants received	-	2,300
Carried forward	-	-
Spent on operations	<u>\$ -</u>	<u>\$ 2,300</u>

10. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.