

# CITADEL COMMUNITY ASSOCIATION

## FINANCIAL STATEMENTS (Audited)

August 31, 2014

DRAFT

# CITADEL COMMUNITY ASSOCIATION

August 31, 2014

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## Independent Auditor's Report

To the Members of the  
Citadel Community Association

I have audited the financial statements of the Citadel Community Association as at August 31, 2014 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, the Citadel 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 Citadel 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.

**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 the Citadel Community Association as at August 31, 2014 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  
Chartered Accountant

DRAFT

**CITADEL COMMUNITY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
(Audited)

**As at August 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash, unrestricted	\$ 30,990	\$ 18,168
Externally Restricted Assets (Note 3)	336,085	279,141
Accounts Receivable	73,574	89,299
Prepaid Expenses	640	566
	<b>441,289</b>	<b>387,174</b>
 <b>Property and Equipment (Note 4)</b>	 <b>21,444</b>	 <b>22,018</b>
	<b>\$ 462,733</b>	<b>\$ 409,192</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 4,124	\$ 4,551
Deferred Revenue	2,961	1,825
Enhanced Maintenance Liability	14,725	15,512
Deferred Cash Contributions (Note 3)	336,085	279,141
	<b>357,895</b>	<b>301,029</b>
 <b>Deferred Capital Contributions</b>	 <b>18,632</b>	 <b>20,854</b>
	<b>376,527</b>	<b>321,883</b>
<b>NET ASSETS</b>		
Unrestricted	83,394	86,145
Invested in Property and Equipment	2,812	1,164
	<b>86,206</b>	<b>87,309</b>
	<b>\$ 462,733</b>	<b>\$ 409,192</b>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See Notes to the Financial Statements

**CITADEL COMMUNITY ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
(Audited)

**For the Year Ended August 31, 2014**

	<u>Unrestricted</u>	<u>Invested in Property and Equipment</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
<b>Balances, Beginning of the Year</b>	\$ 86,145	\$ 1,164	\$ 87,309	\$ 96,535
Transfers	(1,764)	1,764	-	-
Excess of Revenue	<u>(2,751)</u>	<u>1,648</u>	<u>(1,103)</u>	<u>(9,226)</u>
<b>Balances, End of the Year</b>	<u>\$ 83,394</u>	<u>\$ 2,812</u>	<u>\$ 86,206</u>	<u>\$ 87,309</u>

See Notes to the Financial Statements

**CITADEL COMMUNITY ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
(Audited)

**For the Year Ended August 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Advertising	\$ 15	\$ 325
Community Events (Note 5)	5,149	4,480
Contributions from Casino (Note 6)	9,334	25,294
Enhanced Maintenance Revenue	103,023	101,571
Enhanced Maintenance Other	30,975	29,742
Grants (Note 7)	11,192	-
Interest and Other Income	48	-
Memberships	5,048	4,899
Sponsorships, Donations	3,443	2,600
Tennis Court Rental	2,325	-
	<b>170,552</b>	<b>168,911</b>
<b>EXPENSES</b>		
Administration and Operation	3,865	4,920
Community Events (Note 5)	15,043	14,180
Enhanced Maintenance	140,859	147,693
Professional Fees	4,915	4,280
Programs	4,583	5,275
Utilities	1,932	1,510
Volunteer Appreciation	341	162
	<b>171,538</b>	<b>178,020</b>
<b>EXCESS OF EXPENSES BEFORE AMORTIZATION</b>	<b>(986)</b>	<b>(9,109)</b>
Amortization Expense	(2,339)	(2,339)
Amortized Contributions	2,222	2,222
<b>EXCESS OF (EXPENSES) REVENUE</b>	<b>\$ (1,103)</b>	<b>\$ (9,226)</b>

See Notes to the Financial Statements

**CITADEL COMMUNITY ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
(Audited)

For the Year Ended August 31, 2014

	<b>2014</b>	<b>2013</b>
<b>Cash received from/(used in):</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of Revenue (Deficit)	\$ (1,103)	\$ (9,226)
<b>Charges not requiring cash outlay</b>		
Amortization	2,339	2,339
Amortized Capital Contributions	(2,222)	(2,222)
<b>Changes in non-cash operating working capital</b>		
Accounts Receivable	15,724	12,725
Prepaid Expenses	(74)	-
Accounts Payable and Accrued Liabilities	(427)	231
Enhanced Maintenance Liability	(788)	(13,070)
Deferred Revenue	1,136	(54)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>14,585</b>	<b>(9,277)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of casino proceeds	66,270	-
Transfer to (Use of) Deferred Cash Contributions	(20,417)	(35,805)
Receipt of Capital Conservation Grant	11,092	-
	<b>56,945</b>	<b>(35,805)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Conceptual Drawings - Multi-use Building	(1,764)	-
Reinvestment of interest in GICs	(114)	(1,367)
GICs transferred to casino bank	-	202,561
	<b>(1,878)</b>	<b>201,194</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>69,652</b>	<b>156,112</b>
Cash and Cash Equivalents, Beginning of the Year	<b>272,024</b>	<b>115,912</b>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>\$ 341,676</b>	<b>\$ 272,024</b>
 <b>Cash and Cash Equivalents Consists of:</b>		
Unrestricted cash - General Bank	\$ 30,590	\$ 17,868
Block Party Grant held in General Bank	936	936
Petty cash	300	300
Restricted cash - Casino Bank	309,850	252,920
	<b>\$ 341,676</b>	<b>\$ 272,024</b>

See Notes to Financial Statements



**CITADEL COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**August 31, 2014**

**1. NATURE OF OPERATIONS**

The Citadel Community Association (the Association) was incorporated under the Societies Act of Alberta on September 21, 1995 as a not-for-profit organization and is exempt from income tax under Section 149 of the Income Tax Act.

The Association's mission is to enhance community pride and spirit through the provision of programs and services that meet the needs of the residents of Citadel.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations of which the most significant policies are:

**Basis of Accounting**

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

**Revenue Recognition**

Operating revenues are recognized when received or reasonable assurance is given, that it is receivable.

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

**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.

**Property and Equipment**

Capital assets are recorded at cost less accumulated amortization. Amortization is based on the estimated useful lives of the assets and is provided on the straight-line basis. The Association takes amortization in the year of acquisition and none in the year of disposition. Amortization rates are as follows:

Community Shed	15 years
Rink	10 years
Multi-use Building	15 years

**CITADEL COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**August 31, 2014**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the board of directors 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.

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

Cash generated through grant funding is restricted to spending according to approved objectives. Cash generated through casinos is restricted to spending by Alberta Gaming and Liquor Commission on approved use of proceeds.

	<b>2014</b>	<b>2013</b>
Block Party Grant held in General Chequing Casino Bank Account	\$ <b>836</b>	\$ 936
	<b>309,850</b>	252,920
Total Restricted Cash	<b>310,686</b>	253,856
Casino Cashable GIC	<b>25,394</b>	25,280
Plus: Accrued Interest	<b>5</b>	5
	<b>\$ 336,085</b>	\$ 279,141

**4. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2014 Net</b>	<b>2013 Net</b>
Community Shed	\$ <b>12,112</b>	<b>3,018</b>	<b>9,094</b>	9,920
Rink	<b>15,123</b>	<b>4,537</b>	<b>10,586</b>	12,098
Multi-use Building	<b>1,764</b>	-	<b>1,764</b>	-
	<b>\$ 28,999</b>	<b>7,555</b>	<b>21,444</b>	22,018

**CITADEL COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**August 31, 2014**

**5. COMMUNITY EVENTS**

	Revenue	Expense	2014 Net	2013 Net
Block Parties	\$ -	100	(100)	-
Community Cleanup	-	356	(356)	(912)
Fall Fair	381	2,794	(2,413)	587
Movie in the Park	2,861	2,607	254	-
Parade of Garage Sales	860	64	796	690
Stampede Breakfast	1,047	8,918	(7,871)	(10,620)
Winter Gala and Skating	-	204	(204)	555
	<b>\$ 5,149</b>	<b>15,043</b>	<b>(9,894)</b>	<b>(9,700)</b>

**6. CONTRIBUTIONS FROM CASINO**

	2014	2013
Casino Funds, Beginning of Year (Note 3)	\$ 278,205	\$ 302,403
Less: Casino Funds, End of Year (Note 3)	(335,249)	(278,205)
Contributions to Operations	<b>\$ 9,334</b>	<b>\$ 25,294</b>

**7. GRANTS**

	2014	2013
City of Calgary - Block Party Grant carried forward	\$ 936	\$ 936
Deferred to next year (Note 3)	(836)	(936)
Block Party Grant contributed to operations	100	-
City of Calgary - Capital Conservation Grant received	11,092	-
Total grants contributed to operations	<b>\$ 11,192</b>	<b>\$ -</b>

**8. LANDSCAPE LEVY**

In 1999 a petition to implement a special tax/enhancement landscape maintenance fee was approved by a majority of Citadel community residents and the landscape levy was implemented in 2000. The levy is administered by the City through annual tax bills. The Association is responsible to select a turf maintenance contractor and are reimbursed for the costs by the landscape levy funds. The City contributes an annual operating grant of \$4,225 to the total landscape levy funds held in addition to the funds collected from residents. In 2014 the landscape funds collected by the City on behalf of Citadel community residents was \$xxx.

**CITADEL COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**August 31, 2014**

**9. COMPARATIVE FIGURES**

Some of the prior year figures were reclassified to conform to the current year presentation.

**10. CONTRIBUTED GOODS AND SERVICES**

Contributed services and donated items are recognized in the financial statements when their fair value can be reasonably determined, when the services are used in the normal course of the Association's operations and would otherwise have been purchased. During the year no contributed goods and services were recorded in the financial records (2013 - \$ Nil).

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.

**11. 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, investments and accounts payable.

*Risk*

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