



# Heidi Brauer

## Chartered Professional Accountant

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(403) 244-4111 ext. 209  
heidi.brauer@calgarycommunities.com  
110, 720 - 28 Street NE Calgary, AB T2A 6R3

November 11, 2020

**West Hillhurst Community Association**  
Calgary, A.B.

**Re: Audit of 2020 Financial Statements**

We are required to communicate at least annually with you regarding significant matters arising from our audit.

The objective of our audit was to obtain reasonable assurance that the financial statements were free of material misstatement. Our audit was not designed for the purpose of identifying matters to communicate. Accordingly, our audit would not usually identify all such matters that may be of interest to the Board of Directors and it is inappropriate to conclude that no such matters exist.

Significant audit findings identified during the course of our audit for the year ended June 30, 2020 are outlined below:

- **Misstatements, other than trivial errors;**
  - None
- **Misstatements, other than trivial errors not recorded by management:**
  - None
- **Misstatements that may cause future financial statements to be materially misstated;**
  - None
- **Significant unusual transactions:**
  - None
- **Significant matters affecting the preparation of the financial statements and financial statement disclosures.**

We did not identify:

- Any material change in the preparation process for management estimates or in the nature of disclosures made in the financial statements.
- **Fraud or illegal or possibly illegal acts, other than ones considered inconsequential.**

We did not identify:

- Matters raising questions regarding the honesty and integrity of management.
- Fraud or suspected fraud involving management, employees or others.
- Illegal or possibly illegal acts.

• **Weaknesses in internal control:**

During the course of our audit of the West Hillhurst Community Association for the year ended June 30, 2020, we identified some weaknesses in internal control:

- It would save time, if the allocation for cost of goods sold was recorded before the books went for audit.
- During the year the past president had signing authority. As this is supposed to be an advisory position only, the past president should no longer have signing authority.

• **Related party transactions:**

We did not identify any related party transactions that are not in the normal course of operations that involve significant judgments made by management concerning measurement or disclosure.

• **Accounting policies:**

Significant accounting policies are described in the Notes to the financial statements. We did not identify in the course of our audit:

- Existence of acceptable alternative policies and methods.
- Any material changes in selection or application of accounting policies or preparation of management estimates.
- Any accounting policies in controversial or emerging areas.

• **Dealings with management:**

- We received full cooperation from management and employees.
- There were no serious difficulties encountered while performing the audit.
- We had no disagreements with management. All auditing, accounting and presentation issues were resolved to our satisfaction.
- We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.
- We did not discuss with management any major issues in connection with our appointment as auditors.

• **I also recommend the following:**

- Enter the adjusting entries provided by the auditor. The date of the journal entries should be June 30, 2020 to ensure that your opening balances for your new fiscal year are accurate.
- Review your by-laws annually and make all new Board members aware of them. Ensure you are in compliance with your by-laws.

- Ensure that you are in compliance with all of your reporting requirements (eg: Corporate Registries, grant reports, Not for Profit Information Report, Corporate Tax return, Charity Information return, GST filings, etc.)
- As a not for profit group, be aware that the financial evaluation of performance is only part of the evaluation of the association. The other evaluation is the value of the services provided to the community. This should be done by obtaining feedback on a regular basis from your user groups and documenting this feedback.
- **General comments:**
  - On June 30, 2020 your unrestricted cash and cash equivalents were \$234,722. Your payables were \$157,554. This shows that your cash on hand more than covered your current liabilities. Some of these liabilities could have been paid by externally restricted cash.
  - You also had internally restricted cash of \$23,301, which had been set aside according to Board decision for capital expenditures.
  - Your externally restricted cash of \$3,697 consists of casino generated cash. This stays a liability until it is spent.
  - Compared to 2019, your total cash revenue decreased by \$196,962. This is primarily due to the facility having been closed since the middle of March due to the COVID-19 pandemic, which resulted in a loss of revenue.
  - Your total cash expenses decreased by \$123,020. This again is primarily due to the facility having been closed.
  - The financial result of operations was a deficiency of revenue over expenses of \$4,257 (2019 a deficiency of revenue over expenses of \$5,158).
  - I was glad to hear, that your Board and administration have procedures in place to adjust to the uncertainty of generating revenue during the COVID-19 pandemic.
  - Review the various revenue and expense items and discuss ways to increase revenues and/or decrease expenses. This will assist you with your budgeting process.
  - Should you have questions or if you would like to discuss internal controls further, feel free to contact us.

This communication is prepared solely for your information and is not intended for any other purpose.

We accept no responsibility to a third party who uses this communication.

Please ensure that this letter is read and discussed at board level and any motions that arise from the recommendations herein be duly noted in your minutes.

A handwritten signature in blue ink that reads "Heidi Brauer". The signature is written in a cursive style.

Heidi Brauer  
Chartered Professional Accountant

# **WEST HILLHURST COMMUNITY ASSOCIATION**

## **FINANCIAL STATEMENTS** (Audited)

**June 30, 2020**



# WEST HILLHURST COMMUNITY ASSOCIATION

June 30, 2020

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### **Independent Auditor's Report**

To the Members of:  
**West Hillhurst Community Association**  
Calgary, Alberta

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

I have audited the Statements of Financial Position of the West Hillhurst Community Association as at June 30, 2020 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 June 30, 2020.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the West Hillhurst Community Association as at June 30, 2020 and the results of its operations and cash flows for the year ended June 30, 2020 in accordance with Canadian accounting standards for not-for-profit associations.

##### **Basis for Opinion**

I conducted my audit in accordance with Canadian auditing standards. I am independent of the West Hillhurst 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 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 West Hillhurst 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 judgment, 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  
November 11, 2020



Heidi Brauer  
Chartered Professional Accountant




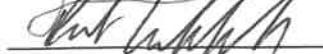
**WEST HILLHURST COMMUNITY ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
(Audited)

As at June 30, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, unrestricted	\$ 234,722	\$ 206,029
Cash and cash equivalents, internally restricted (Note 3)	23,301	66,864
Cash and cash equivalents, externally restricted (Note 4)	3,697	2,960
Accounts receivable, unrestricted	93,863	89,689
Accounts receivable, externally restricted (Note 4)	-	70,220
GST receivable	2,069	-
Prepaid expenses and deposits (Note 5)	29,346	36,490
	<b>386,998</b>	<b>472,252</b>
<b>PROPERTY AND EQUIPMENT (Note 6)</b>	<b>2,331,549</b>	<b>2,303,356</b>
	<b>\$ 2,718,547</b>	<b>\$ 2,775,608</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 24,296	\$ 47,263
Payroll liabilities	21,453	49,899
GST payable	-	819
Deferred cash contributions (Note 4)	3,697	73,180
Deferred revenue	111,805	81,393
	<b>161,251</b>	<b>252,554</b>
<b>LONG TERM LIABILITIES</b>		
Deferred capital contributions (Note 7)	1,499,490	1,460,991
	<b>1,660,741</b>	<b>1,713,545</b>
<b>NET ASSETS</b>		
Unrestricted	202,446	152,834
Internally restricted (Note 3)	23,301	66,864
Invested in property and equipment	832,059	842,365
	<b>1,057,806</b>	<b>1,062,063</b>
	<b>\$ 2,718,547</b>	<b>\$ 2,775,608</b>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See Notes to the Financial Statements

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
(Audited)

**For the Year Ended June 30, 2020**

	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Invested in property and equipment</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
Balances, beginning of the year	\$ 152,834	66,864	842,365	1,062,063	1,067,221
Transfer	43,563	(43,563)	-	-	-
Increase / (decrease)	6,049	-	(10,306)	(4,257)	(5,158)
Balances, end of the year	<u>\$ 202,446</u>	<u>23,301</u>	<u>832,059</u>	<u>1,057,806</u>	<u>1,062,063</u>

See Notes to Financial Statements

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**STATEMENTS OF OPERATIONS**  
(Audited)

For the Year Ended June 30, 2020

	2020	2019
<b>REVENUE</b>		
Arena, gymnasium and hall rentals	\$ 641,095	\$ 877,678
Sports and other programs	266,628	346,693
Grants and donations (Note 8)	154,193	29,037
Health club memberships	76,621	92,437
Miscellaneous community programs and user fees	52,250	49,002
Memberships	43,604	36,134
Interest and other revenue	34,271	31,617
Health club sales	31,027	34,053
	<b>1,299,689</b>	1,496,651
<b>Cost of Goods Sold (Note 9)</b>	<b>374,113</b>	424,762
	<b>925,576</b>	1,071,889
<b>EXPENSES</b>		
Salaries and benefits	504,593	568,009
Office and other supplies	132,584	165,452
Utilities	131,384	160,839
Repair and maintenance	117,118	72,657
Insurance	35,027	31,478
Professional fees	15,902	8,952
Telephone	2,893	4,931
Bank and service charges	1,872	1,426
	<b>941,373</b>	1,013,744
(Deficiency)/excess of revenue over expenses before amortization and casino contributions	(15,797)	58,145
Casino contributions (Note 10)	69,130	-
Amortization of deferred capital contributions (Note 7)	104,446	108,793
Amortization expense	(162,036)	(172,096)
<b>DEFICIENCY OF REVENUE OVER EXPENSES AFTER AMORTIZATION</b>	<b>\$ (4,257)</b>	<b>\$ (5,158)</b>

See Notes to Financial Statements

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
(Audited)

For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
<b>FUNDS PROVIDED BY (USED IN) OPERATIONS:</b>		
Deficiency of revenue after amortization	\$ (4,257)	\$ (5,158)
Charges not requiring cash outlay:		
Amortization	162,036	172,096
Amortization of deferred capital contributions (Note 7)	(104,446)	(108,793)
Disposal of property and equipment	<u>1,012</u>	<u>-</u>
Excess of revenue after charges not requiring cash outlay	<u>54,345</u>	<u>58,145</u>
<b>Changes in non-cash operating working capital:</b>		
Account receivable	(4,174)	(58,777)
Restricted accounts receivable	70,220	(70,221)
GST	(2,888)	(1,361)
Prepaid expenses	7,144	(11,419)
Accounts payable, accrued and payroll liabilities	(51,413)	18,236
Deferred revenue	<u>30,412</u>	<u>(3,216)</u>
	<u>49,301</u>	<u>(126,758)</u>
	<u>103,646</u>	<u>(68,613)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred capital contributions (Note 7)	142,945	115,441
Deferred cash contributions	(69,483)	45,564
Repayment of capital lease	<u>-</u>	<u>(1,164)</u>
	<u>73,462</u>	<u>159,841</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Building	(186,508)	(128,808)
Equipment and furniture	<u>(4,733)</u>	<u>(6,084)</u>
	<u>(191,241)</u>	<u>(134,892)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,133)</b>	<b>(43,664)</b>
Cash and cash equivalents, at the beginning of the year	<u>275,853</u>	<u>319,517</u>
<b>CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR</b>	<b><u>\$ 261,720</u></b>	<b><u>\$ 275,853</u></b>
<b>Consisting of:</b>		
Unrestricted cash and cash equivalents	\$ 234,722	\$ 206,029
Internally restricted cash and cash equivalents (Note 3)	23,301	66,864
Externally restricted cash and cash equivalents (Note 4)	<u>3,697</u>	<u>2,960</u>
	<u>\$ 261,720</u>	<u>\$ 275,853</u>

See Notes to Financial Statements

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
**June 30, 2020**

**1. NATURE OF THE ORGANIZATION**

The West Hillhurst Community Association ("Association") was incorporated on May 11, 1948.

The Association was established to promote neighborliness, 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, and to administer and maintain a multi-use facility for the community.

**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 contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Operating revenue and expenses are recorded on the accrual basis.

**(b) Property and Equipment**

The Association follows the policy of capitalizing assets of lasting value over \$5,000 acquired and amortizing them over the estimated useful lives of the assets at the following rates per annum:

Building	5% d.b.
Building improvement	5 % or straight line over 10 years
Furniture and equipment	20% d.b.
Equipment under capital lease	20% d.b.
Computer equipment	30% d.b.

Construction in progress is not amortized until fully brought into use.

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
**June 30, 2020**

**(c) 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, accounts receivable, accounts payable, accrued and payroll liabilities..

**Financial 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.

**(d) Use of Estimates**

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 Statements of Financial Position date and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the collectability of receivables, the useful life of property and equipment and the amounts recorded as accrued liabilities.

**(e) Contributed services**

A substantial number of volunteers make a significant contribution of their time to the Association. Due to the difficulty of determining the value and that such assistance is generally not otherwise purchased, the Association follows the policy of not recognizing the value of these contributed services in the financial statements.

**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash and investments with original maturities of less than 90 days.

**(g) GST**

The Association is registered for Goods and Services Tax (GST) and reports according to the Quick Method to CRA.

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
June 30, 2020

**3. CASH AND CASH EQUIVALENTS, INTERNALLY RESTRICTED**

Internally restricted cash and cash equivalents consists of matching funds and donations internally restricted by the board of directors for capital additions.

**4. CASH AND CASH EQUIVALENTS, EXTERNALLY RESTRICTED/DEFERRED CASH CONTRIBUTIONS**

Assets generated from casino activities are restricted to spending according to Alberta Gaming regulations. Unspent grant funding and externally restricted donations are restricted to spending according to approved objectives of the grant providers or donors.

	<b>2020</b>	<b>2019</b>
Casino bank	\$ 3,697	\$ 2,607
Grant Funding in General bank	-	353
Total cash	3,697	2,960
Plus: Casino pool receivable	-	70,220
Externally restricted cash/deferred cash contributions	\$ 3,697	\$ 73,180

**5. PREPAID EXPENSES AND DEPOSITS**

Prepaid expenses and deposits consist of insurance \$24,553 (2019 - \$22,750) and other prepayments and deposits of \$4,793 (2019 - \$13,740).

**6. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2020 Net</b>	<b>2019 Net</b>
Buildings	\$ 3,404,486	\$ 2,920,785	\$ 483,701	\$ 509,159
Building improvements	2,269,423	645,151	1,624,272	1,518,344
Furniture and fixtures	1,036,330	819,020	217,310	272,649
Computers	30,005	23,739	6,266	3,204
	\$ 6,740,244	\$ 4,408,695	\$ 2,331,549	\$ 2,303,356

a) The land the hall is situated on is leased from the City of Calgary at a nominal yearly fee. The term of the lease is for a fifteen (15) year period beginning on January 1, 2016 and ending on December 31, 2030, unless earlier terminated by the provisions of the lease.

**WEST HILLHURST COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
**June 30, 2020**

**7. Deferred Capital Contributions**

Deferred capital contributions consist of externally restricted cash contributed to the purchase of property and equipment. The are being amortized to revenue on the same basis as the related capital asset is amortized and expensed.

	<u>2020</u>	<u>2019</u>
Balance from previous year	\$ 1,460,991	\$ 1,454,343
Contributions from grants and donations	142,945	115,441
Amortization	(104,446)	(108,793)
	<u>\$ 1,499,490</u>	<u>\$ 1,460,991</u>

**8. GRANTS AND DONATIONS**

	<u>2020</u>	<u>2019</u>
Canada Emergency Wage Subsidy	\$ 85,816	-
City of Calgary - COVID-19	54,345	-
Miscellaneous donations	10,189	6,096
Government of Canada - Summer Job Grant	1,666	10,540
Government of Alberta - Job Grant	698	2,949
Government of Alberta - CIP Grant	566	9,452
Squash Canada	613	-
City of Calgary - Event Fund	300	-
	<u>\$ 154,193</u>	<u>\$ 29,037</u>

**9. SCHEDULE OF COST OF GOODS SOLD**

	<u>2020</u>	<u>2019</u>
Rentals		
Gymnasium and hall rentals	\$ 44,894	\$ 52,501
Programs		
Sports and other programs	190,798	217,997
Services		
Food, beverages and health club	138,421	154,264
	<u>\$ 374,113</u>	<u>\$ 424,762</u>

**10. Casino Contributions**

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 2,607	\$ 2,616
Casino revenue	70,220	70,220
Bank charges	-	(9)
Casino advisor reimbursement	-	2,351
Casino advisor cost	-	(2,351)
Unspent cash at fiscal year end (Note 4)	(3,697)	(2,607)
Casino pool receivable (Note 4)	-	(70,220)
Casino cash spent on operations	<u>\$ 69,130</u>	<u>\$ -</u>



**WEST HILLHURST COMMUNITY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)  
**June 30, 2020**

**11. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN**

The global COVID-19 pandemic has disrupted economic activities since the middle of March when the facility was mandated to be closed by the Alberta Government. This 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 service its members is dependent on the continued ability to generate revenue and manage expenses.