

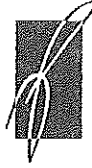
LAKE BONAVISTA COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2014

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David L. Patrino
PROFESSIONAL CORPORATION

CHARTERED ACCOUNTANT

Auditor's Report

To the Members of
Lake Bonavista Community Association

I have audited the accompanying financial statements of Lake Bonavista Community Association, which comprise the statements of financial position as at June 30, 2014 and June 30, 2013, and the statements of operations, changes in net assets and cash flows for the years ended June 30, 2014 and June 30, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 is 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 audits. I conducted my audits in accordance with Canadian generally accepted 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 from 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, as well as evaluating the overall presentation of the financial statements

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

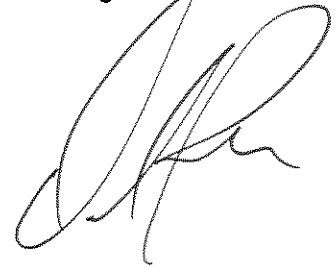
Basis for Qualified Opinion

In common with many similar organizations, the Association derives revenue from registration, memberships, facility rentals and concession sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore I was not able to determine whether any adjustments might be necessary to the above sources of revenue,

excess of revenues over expenditures, assets and net asset balances as at June 30, 2014 and June 30, 2013.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lake Bonavista Community Association as at June 30, 2014 and June 30, 2013 and the results of its operations and its cash flows for the years ended June 30, 2014 and June 30, 2013 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations



Calgary, Alberta
September 10, 2014

Chartered Accountant

**LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

	2014	2013
Assets		
Current		
Cash and short-term deposits, note 3	\$ 363,355	\$ 98,125
Accounts receivable, note 4	50,191	16,444
Grants receivable	18,705	14,402
Inventory	13,001	7,867
Prepaid expenses	17,420	11,069
Deposits	6,000	17,487
	468,672	165,394
Investments, note 3	335,384	336,476
Capital assets, net of accumulated amortization, note 5	1,243,137	996,215
	\$ 2,047,193	\$ 1,498,085
Liabilities		
Current		
Accounts payable and accrued liabilities, note 6	\$ 126,843	\$ 134,624
Deferred revenue	349,049	272,472
Debentures payable, note 7	30,200	30,200
	506,092	437,296
Members' Equity		
Restricted		
Capital replacement reserve, note 3	\$ 305,184	\$ 306,276
Debenture retirement reserve, note 3	30,200	30,200
	335,384	336,476
Investment in capital assets	1,243,137	996,215
Equity unrestricted	(37,420)	(271,902)
	1,541,101	1,060,789
	\$ 2,047,193	\$ 1,498,085

Approved on Behalf of the Board:

 Director

 Director

The accompanying notes form an integral part of these financial statements.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2014**

	Year Ended June 30 2014	Year Ended June 30 2013
Capital replacement reserve , beginning of year	\$ 306,276	\$ 294,839
Investment income (loss) appropriated to reserve	(7,572)	2,837
Appropriations from current revenues	6,480	8,600
Transfer to equity unrestricted	-	-
Capital replacement reserve , end of year, note 3	305,184	306,276
Debenture retirement reserve , beginning of year	30,200	30,200
Transfer to capital replacement reserve	-	-
Debenture retirement reserve , end of year, note 3	30,200	30,200
Investment in capital assets , beginning of year	996,215	1,084,727
Net additions (disposals)	317,979	(9,426)
Amortization	(71,057)	(79,086)
Investment in capital assets , end of year	1,243,137	996,215
Equity unrestricted , beginning of year	(271,902)	(363,904)
Net income for the year	481,404	3,490
Transfer from capital replacement reserve	-	-
Transfer to capital assets	(317,979)	9,426
Amortization	71,057	79,086
Equity unrestricted , end of year	(37,420)	(271,902)
Members' equity , end of year	\$ 1,541,101	\$ 1,060,789

The accompanying notes form an integral part of these financial statements.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS**

Year Ended June 30, 2014

Year Ended June 30, 2013

	Revenue	Expenditure	Net	Revenue	Expenditure	Net
Revenue and expenditure						
Facility rentals (Schedule 1)	\$ 563,261	\$ -	\$ 563,261	\$ 535,254	\$ -	\$ 535,254
Casino	65,949	-	65,949	-	-	-
Programs (Schedule 2)	638,929	321,195	317,734	598,800	305,023	293,777
Concession	83,904	73,353	10,551	78,537	66,764	11,773
Fundraising – Bona fund	6,480	-	6,480	8,600	-	8,600
Memberships	46,665	-	46,665	46,298	-	46,298
Fundraising – User fees	11,610	-	11,610	10,335	-	10,335
Fundraising – Building fees	-	-	-	15,975	-	15,975
Advertising	7,908	-	7,908	4,703	-	4,703
Government grants	-	-	-	22,692	-	22,692
Donations	343,256	-	343,256	13,203	-	13,203
Investment income (loss)	2,922	10,494	(7,572)	2,837	-	2,837
Miscellaneous	15,330	-	15,330	12,371	7,900	4,471
Expenses recovered	21,624	-	21,624	16,680	-	16,680
Insurance claim	-	-	-	12,877	-	12,877
	1,807,838	405,042	1,402,796	1,379,162	379,687	999,475
General and administrative expenditures						
Amortization			71,057			79,086
Building and equipment –						
Repairs and maintenance			67,598			139,622
General office and miscellaneous			61,663			46,044
Insurance			22,234			21,984
Lease expense			-			-
Professional fees			15,325			40,634
Salaries and benefits			471,886			473,534
Utilities			173,689			180,240
Loss on sale of capital assets			39,032			3,404
			922,484			984,548
Net income for the year before appropriation			480,312			14,927
Appropriation of Bona fund and investment revenue to capital replacement reserve			1,092			(11,437)
Net income, for the year			\$ 481,404			\$ 3,490

The accompanying notes form an integral part of these financial statements.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
JUNE 30, 2014**

	Year Ended June 30 2014	Year Ended June 30 2013
Cash provided by (used for):		
Operating Activities		
Net income (loss) for the year from continuing operations	\$ 481,404	\$ 3,490
Add item not involving cash		
Amortization	71,057	79,086
Loss on sale of capital asset	39,032	3,404
Loss on sale of shares	10,494	-
	601,987	85,980
Net changes in non-cash working capital items		
Accounts receivable	(38,050)	(23,396)
Inventory	(5,134)	4,990
Prepaid expenses	5,136	(16,783)
Accounts payable and accrued liabilities	(7,781)	15,516
Deferred revenue	76,577	8,857
	632,735	75,164
Financing Activities		
Inter-fund transfer from capital replacement	-	-
Increase (decrease) in capital replacement reserve	(1,092)	11,437
Government grants received on capital asset acquisitions	201,405	223,224
Donation of shares	(308,800)	-
	(108,487)	234,661
Investing Activities		
Decrease (increase) in investments	1,092	(11,437)
Acquisition of capital assets	(570,445)	(217,494)
Proceeds from sale of capital assets	12,029	292
Proceeds on sale of shares	298,306	-
	(259,018)	(228,639)
Change during the year from continuing operations	265,230	81,186
Cash, beginning of year	98,125	16,939
Cash, end of year, note 3	\$ 363,355	\$ 98,125

The accompanying notes form an integral part of these financial statements.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

1. Nature of Operations

The Lake Bonavista Community Association (the "Association") was incorporated under the Societies Act of Alberta on February 6, 1970, to acquire lands and provide a building for social and community activities, to encourage and promote amateur games and exercises and to provide a meeting place for the consideration and discussion of questions affecting the interests of the community. The Association is registered as a charity for income tax purposes.

2. Significant Accounting Policies

Basis of Accounting

These financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). Canadian Accounting Standards for Not-for-Profit Organizations are part of Canadian GAAP.

Inventory

Inventory consists of concession and clothing and is valued at the lower of cost and net realizable value with the cost being determined on a first-in first-out basis.

Capital Assets

Capital assets are recorded at cost and amortization is provided in the accounts at rates designed to amortize the cost of the capital assets over its estimated useful life. Amortization is provided at the following annual rates on a straight-line basis:

Recreation Centre and Ice Plant	-	2½%
Mechanical equipment	-	5%
Office equipment	-	20%
Other equipment and tools	-	10%, 20%
Field house	-	4%
Vehicles	-	10%

Revenue Recognition

The Association uses the deferral method of accounting method 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.

The Association follows the accrual method of accounting for operating activities.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

2. Significant Accounting Policies (continued)

Contributed Services

A substantial number of volunteers have made significant contributions of time to develop and maintain the Association's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Government and Other Grants

Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Measurement Uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash and Cash Equivalents

The balance of cash and cash equivalents consists of cash in bank accounts and unrestricted short-term investments with maturity dates of less than one year.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

3. Investments

The Directors have approved the segregation of investment assets and have restricted their use to fund the following reserve:

	<u>June 30 2014</u>	<u>June 30 2013</u>
Restricted investments for:		
Capital replacement reserve	\$ 305,184	\$ 306,276
Debenture retirement reserve	<u>30,200</u>	<u>30,200</u>
	<u>\$ 335,384</u>	<u>\$ 336,476</u>

Restricted investments are comprised of a portion of cash and near cash and accrued interest receivable:

	<u>June 30 2014</u>	<u>June 30 2013</u>
Cash	\$ 698,739	\$ 216,804
Business advantage bank account bearing interest at a varying rates from 1.2%-1.4% (2013 – 1.5% to 1.3%) The effective rate is 1.3% (2013 – 1.4%)	<u>-</u>	<u>217,797</u>
	<u>698,739</u>	<u>434,601</u>
Less: Restricted investments comprised of a portion of cash, near cash and accrued interest receivable appropriated to the Capital Replacement Reserve, and to the Debenture Retirement Reserve	<u>(335,384)</u>	<u>(336,476)</u>
	<u>\$ 363,355</u>	<u>\$ 98,125</u>

During the year, the directors authorized appropriations from the Capital Replacement Reserve in the aggregate amount of \$Nil (2013 – \$Nil). The directors have authorized the appropriation of the investment income (loss) to the Capital Replacement Reserve in the amount of \$(7,572) (2013 - \$2,837) and the appropriation of the Bonafund revenue to the Capital Replacement Reserve in the amount of \$6,480 (2013 - \$8,600).

**LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

3. Investments (continued)

During the year, \$Nil (2013 - \$Nil) was expended out of the previous years appropriations on specified capital assets and maintenance of recreation centre facilities.

The Capital Replacement Reserve is maintained to fund significant maintenance of capital projects, which are not recovered in the current year's revenues.

During the year, the directors authorized a transfer from the Debenture Retirement Reserve in the amount of \$Nil (2013 - \$Nil) to the Capital Replacement Reserve. The Debenture Retirement Reserve is maintained to fund the repayment of debentures and accrued interest thereon.

The reserve funds may only be used upon the explicit approval of the Board of Directors.

4. Accounts Receivable

Accounts receivable includes \$4,443 (2013 - \$2,945) representing refunds due from the government.

5. Capital Assets

	June 30, 2014		June 30, 2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Recreation Centre	\$ 2,180,838	\$ 1,432,690	\$ 1,718,171	\$ 1,371,036
Ice Plant	412,504	92,224	553,586	95,315
Mechanical equipment	335,193	279,197	477,610	326,777
Office equipment	77,281	65,728	79,776	65,556
Other equipment and tools	188,184	84,616	103,390	79,206
Field house	91,524	90,002	91,524	89,952
Vehicles	2,300	230	-	-
	\$ 3,287,824	\$ 2,044,687	\$ 3,024,057	\$ 2,027,842
		<u>\$ 1,243,137</u>		<u>\$996,215</u>

During the year the Association entered into a contract for \$439,620 for the replacement of the roof over the large ice arena. The cost of replacement was partly financed by a provincial grant of \$125,000. The Association has also been approved by The City of Calgary to receive a further grant of \$300,000 towards the cost of the roof.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

6. Accounts Payable

Accounts payable includes \$4,099 (2013 - \$3,780) representing remittances due to the government.

7. Debentures Payable

The debentures payable are unsecured, bear simple interest at 5% per annum and are repayable as to both principal and interest at any time upon the request of the debenture holder but matured on January 1, 1998 and are non-interest bearing from that date.

The amount is comprised of:

	2014	2013
Principal	\$ 15,100	\$ 15,100
Accrued interest	15,100	15,100
	\$ 30,200	\$ 30,200

8. Land License

The Association's building complex, adjacent sports field and field house, is situated on land under license of occupation from the City of Calgary. The license of occupation expired on December 31, 2013. Negotiations are complete and approval of a new license of occupation is pending.

9. Commitments

The Association has committed to make the following future minimum payments under equipment leases:

2015	\$ 1,840
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**LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

10. Financial instruments

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of June 30, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from customers. In order to reduce its credit risk, the association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The association has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, obligations under capital leases, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the association manages exposure through its normal operating and financing activities.

**LAKE BONAVISTA COMMUNITY ASSOCIATION
FACILITY RENTALS
FOR THE YEAR ENDED JUNE 30, 2014**

	Year Ended June 30 2014	Year Ended June 30 2013
Large arena	\$ 292,385	\$ 278,962
Small arena	76,909	85,218
Gym	78,579	70,995
Multi-purpose and lobby	26,534	29,870
Social area	44,338	29,052
Scout hall and green space	12,317	13,237
Fitness centre	<u>32,199</u>	<u>27,920</u>
Total facility receipts	<u>\$ 563,261</u>	<u>\$ 535,254</u>

**LAKE BONAVISTA COMMUNITY ASSOCIATION
PROGRAMS REVENUE AND EXPENDITURES**

For the year ended June 30, 2014

	Hockey	Basketball	Soccer	Children	Adult	Social Events	Total
Revenue							
Registration	\$ 426,120	\$ 24,045	\$ 28,527	\$ 123,045	\$ 25,934	\$ 1,835	\$ 629,506
Advertising income	800	-	-	-	-	-	800
Sponsorship/grants/donations	1,750	-	-	-	272	2,194	4,216
Miscellaneous income	100	-	2,600	-	40	1,667	4,407
Total revenue	428,770	24,045	31,127	123,045	26,246	5,696	638,929
Expenditures							
Awards and trophies	6,362	252	4,973	-	-	45	11,632
City registration	61,116	-	-	98,425	-	-	159,541
Donations	200	-	-	-	-	-	200
Coaches' clinics/training	4,398	-	-	-	-	-	4,398
Facilities	12,123	1,285	468	-	-	451	14,327
Miscellaneous	11,555	302	4,609	162	963	12,969	30,560
Referees/instructors	53,546	2,700	1,667	15,925	11,800	-	85,638
Uniforms/equipment	5,175	1,042	5,228	3,220	-	234	14,899
	154,475	5,581	16,945	117,732	12,763	13,699	321,195
Net revenue (expenditures)	\$ 274,295	\$ 18,464	\$ 14,182	\$ 5,313	\$ 13,483	\$ (8,003)	\$ 317,734

For the year ended June 30, 2013

	Hockey	Basketball	Soccer	Children	Adult	Social Events	Total
Revenue							
Registration	\$ 375,151	\$ 21,352	\$ 36,145	\$ 107,092	\$ 31,281	\$ 1,756	\$ 572,777
Advertising income	1,200	-	-	-	-	-	1,200
Sponsorship/grant/donations	1,041	-	375	200	1,300	19,630	22,546
Miscellaneous income	-	-	2,277	-	-	-	2,277
Total revenue	377,392	21,352	38,797	107,292	32,581	21,386	598,800
Expenditures							
Awards and trophies	6,351	-	6,575	-	-	-	12,926
City registration	57,938	-	-	83,828	-	-	141,766
Donations	-	-	-	-	-	16,262	16,262
Coaches' clinics/training	5,664	-	-	-	-	-	5,664
Facilities	13,309	905	440	-	-	-	14,654
Miscellaneous	11,414	615	4,683	306	1,284	2,939	21,241
Referees/instructors	38,196	4,880	2,040	16,343	13,689	-	75,148
Uniforms/equipment	7,447	1,845	4,969	3,020	81	-	17,362
	140,319	8,245	18,707	103,497	15,054	19,201	305,023
Net revenue (expenditures)	\$ 237,073	\$ 13,107	\$ 20,090	\$ 3,795	\$ 17,527	\$ 2,185	\$ 293,777