

LAKE BONAVISTA COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

June 30, 2016



LAKE BONAVISTA COMMUNITY ASSOCIATION

June 30, 2016

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Independent Auditor's Report

To the Members of:
Lake Bonavista Community Association

I have audited the financial statements of the Lake Bonavista Community Association as at June 30, 2016 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 for not for profit organizations. 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, 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 Lake Bonavista Community Association derives revenue from certain fund raising 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 Lake Bonavista 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 Lake Bonavista Community Association as at June 30, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian auditing standards for not-for-profit organizations.

Calgary, Alberta
September 28, 2016


Heidi Brauer CPA, CMA

LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at June 30, 2016

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 730,562	\$ 437,151
Cash and cash equivalents, externally restricted (Note 3)	3,917	2,551
Cash and cash equivalents, internally restricted (Note 5)	365,699	357,757
Accounts receivable, unrestricted	19,628	308,264
Accounts receivable, externally restricted (Note 3)	-	72,698
GST receivable	1,875	-
Inventories	9,405	15,197
Prepaid expense and deposits (Note 6)	23,196	19,662
	1,154,282	1,213,280
Property and Equipment (Notes 4 & 11)	2,602,272	2,693,205
	\$ 3,756,554	\$ 3,906,485
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable, deposits and accrued liabilities (Note 7)	\$ 59,094	\$ 455,199
Deferred cash contributions (Note 3)	3,917	75,249
Deferred revenue	254,548	253,872
Payroll payable	6,207	3,354
Reserve funds (Note 8)	76,577	58,511
	400,343	846,185
Debentures payable (Note 10)	30,000	30,200
Deferred capital contributions (Notes 9)	1,388,961	1,449,752
NET ASSETS		
Internally restricted (Note 5)	365,699	357,757
Invested in property and equipment	1,213,311	1,243,453
Unrestricted	358,240	(20,862)
	\$ 1,937,250	\$ 1,580,348
	\$ 3,756,554	\$ 3,906,485

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended June 30, 2016

	Unrestricted	Internally Restricted	Invested in Property and Equipment	2016 Totals	2015 Totals
Balances, beginning of the year	\$ (20,862)	357,757	1,243,453	1,580,348	1,472,375
Bonafund appropriation from current revenue	(4,880)	4,880	-	-	-
Interest income	(3,062)	3,062	-	-	-
Increase (decrease)	387,044	-	(30,142)	356,902	107,973
Balances, end of the year	<u>\$ 358,240</u>	<u>365,699</u>	<u>1,213,311</u>	<u>1,937,250</u>	<u>1,580,348</u>

See Notes to Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS

(Audited)

For the Year ended June 30, 2016

Revenue and expenditures	Revenue	Expenditures	2016 Net	2015 Net
Facility rentals (schedule 1)	\$ 647,351	\$ -	647,351	579,384
Programs (schedule 2)	637,453	283,020	354,433	305,417
Casino contributions (note 12)	71,328	-	71,328	66,175
Memberships	46,185	-	46,185	50,380
Expenses recovered	46,037	-	46,037	19,381
Concession, vending and merchandise	22,617	11,137	11,480	14,216
Donations	20,000	-	20,000	313
Fundraising - user fees	10,275	-	10,275	12,865
Advertising	5,657	-	5,657	3,673
Fundraising - bonafund	4,880	-	4,880	3,440
Miscellaneous	3,618	-	3,618	16,749
Investment income	3,062	-	3,062	3,806
Capital building levy (note 13)	-	-	-	45,328
	1,518,463	294,157	1,224,306	1,121,127
General and administrative expenditures				
Salaries and benefits			481,263	576,082
Utilities			166,121	167,224
General office & miscellaneous			70,257	68,722
Building and equipment - repair & maintenance			59,522	77,720
Insurance			24,495	23,471
Professional fees			7,522	9,724
Loss on sale of capital assets			-	11,908
			809,180	934,851
Excess of revenue over expenses before amortization			415,126	186,276
Amortization of deferred capital contributions (note 9)			60,791	51,777
Amortization expense			(119,015)	(130,080)
Excess of revenue over expenses after amortization			\$ 356,902	\$ 107,973

See Notes to Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended June 30, 2016

	2016	2015
Funds provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 356,902	\$ 107,973
Charges not affecting cash:		
Amortization	119,015	130,080
Loss on sale of capital asset	-	11,908
Amortization of deferred capital contributions	<u>(60,791)</u>	<u>(51,777)</u>
	415,126	198,184
Changes in operating working capital:		
Account receivable	359,460	(312,066)
Inventories	5,792	(2,196)
Prepaid expenses	(3,534)	3,758
Accounts payable and accrued charges	(393,252)	378,736
Deferred revenue	676	(95,177)
Reserve funds	<u>18,066</u>	<u>11,486</u>
Net increase in working capital	<u>402,334</u>	<u>182,725</u>
Cash flows from financing activities:		
Deferred cash contributions	(71,332)	6,522
Debentures	(200)	-
Deferred capital contributions (Note 9)	-	632,279
	<u>(71,532)</u>	<u>638,801</u>
Cash flows from investing activities:		
Acquisition of capital assets	(28,083)	(722,986)
Disposal of capital assets	-	180
	<u>(28,083)</u>	<u>(722,806)</u>
Increase in cash	302,719	98,720
Cash, beginning of the year	<u>797,459</u>	<u>698,739</u>
Cash, end of the year	<u>\$ 1,100,178</u>	<u>\$ 797,459</u>
Consisting of:		
Unrestricted cash and cash equivalents	\$ 730,562	\$ 437,151
Internally restricted cash and cash equivalents	365,699	357,757
Externally restricted cash (note 3)	3,917	2,551
	<u>\$ 1,100,178</u>	<u>\$ 797,459</u>

See Notes to Financial Statements

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

1. NATURE OF THE ORGANIZATION

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 was registered as a charity and is exempt from income taxes as long as it maintains its charitable purpose.

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) 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.

(b) Revenue Recognition

Donations are recorded as revenue when received.

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 were 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.

(c) Inventories

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.

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

(d) Property and Equipment

Property and equipment 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	-	2.5%
Mechanical equipment	-	5%
Office equipment	-	20%
Other equipment and tools	-	10%, 20%
Field house	-	4%
Used vehicle	-	20%

(e) Deferred Capital Contributions

Deferred capital contributions represent funding or donations received to assist in the purchase of property and equipment. This funding is being amortized to income on the same basis as the related capital asset is amortized and expensed (Note 9).

(f) 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.

(g) 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 and accounts payable.

Financial Risk:

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

(h) Donated Goods

The Association receives goods donated by individuals and businesses who assist the organization in achieving its mission. Donated goods are recorded at cost if a value could readily be established and the goods would have otherwise been purchased.

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

3. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS

Assets generated from casino activities are restricted to spending according to Alberta Gaming regulations. Unspent grant funding is restricted to be spent on approved expenditures only.

	<u>2016</u>	<u>2015</u>
Casino Bank	\$ 3,917	\$ 2,551
Casino pool receivable	-	72,698
	<u>\$ 3,917</u>	<u>\$ 75,249</u>

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net</u>	<u>2015 Net</u>
Recreation centre	\$ 3,301,942	1,567,423	1,734,519	1,758,683
Mechanical equipment	918,861	478,660	440,201	474,166
Ice plant	412,504	112,849	299,655	309,968
Other equipment and tools	251,268	131,466	119,802	137,205
Field house	91,525	90,103	1,422	1,472
Office equipment	81,281	75,758	5,523	10,101
Vehicles	2,300	1,150	1,150	1,610
	<u>\$ 5,059,681</u>	<u>2,457,409</u>	<u>2,602,272</u>	<u>2,693,205</u>

5. INTERNALLY RESTRICTED ASSETS

The board of directors internally restricted cash for a capital replacement reserve:

	<u>2016</u>	<u>2015</u>
Balance forward	\$ 357,757	\$ 305,184
Investment income	3,062	3,805
Appropriation of bonafund revenue	4,880	3,440
Capital building levy	-	45,328
	<u>\$ 365,699</u>	<u>\$ 357,757</u>

Internally restricted cash consists of:

	<u>2016</u>	<u>2015</u>
Cash equivalent GIC - maturing 24/7/2016 at .75%	\$ 202,109	\$ 200,834
Cash equivalent GIC - maturing 5/7/2016 at .75%	163,590	156,923
	<u>\$ 365,699</u>	<u>\$ 357,757</u>

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

6. PREPAID EXPENSE AND DEPOSITS

Prepaid expense and deposits consist of deposits for signage and windows, prepaid insurance, warranties and various other prepaid expenses.

7. ACCOUNTS PAYABLE, DEPOSITS AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities includes normal trade payables. In 2015, accounts payable included an estimate for roofing expenses of \$395,000.

8. RESERVE FUNDS

The reserve fund consists of:

	<u>2016</u>	<u>2015</u>
Uniform reserve fund	\$ 63,484	\$ 56,254
Contract ice reserve	11,386	1,517
Playground fund	1,707	740
	<u>\$ 76,577</u>	<u>\$ 58,511</u>

9. DEFERRED CAPITAL CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Balance from previous year	\$ 1,449,752	\$ 869,250
Contributions received	-	632,279
Amortization	(60,791)	(51,777)
	<u>\$ 1,388,961</u>	<u>\$ 1,449,752</u>

10. DEBENTURES PAYABLE

The debentures payable are unsecured, bear simple interest of 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 forward.

	<u>2016</u>	<u>2015</u>
Principal	\$ 15,000	\$ 15,100
Accrued interest	15,000	15,100
	<u>\$ 30,000</u>	<u>\$ 30,200</u>

11. LICENCE OF OCCUPATION

The Association's building complex, adjacent sports field and field house, is situated on land under a licence of occupation from the City of Calgary. The term of this licence is for a fifteen (15) year period, beginning on January 1, 2013 and ending on December 31, 2027 for a nominal fee of \$150 for the entire period.

LAKE BONAVISTA COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

12. CASINO CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Casino balance, beginning of the year	\$ 75,249	\$ 68,727
Casino proceeds less bank charges	(4)	72,697
Contribution to operations	<u>(71,328)</u>	<u>(66,175)</u>
Casino balance, end of the year (Note 3)	<u>\$ 3,917</u>	<u>\$ 75,249</u>

13. CAPITAL LEVY

In 2015, a motion was passed to collect a levy of 5% on facility rentals as a capital levy. This was allocated to the internally restricted capital replacement reserve. Total collected in 2015 was \$45,328. The Board had made the decision, not to collect a capital levy in 2016.

LAKE BONAVISTA COMMUNITY ASSOCIATION
SCHEDULE 1 - FACILITIES RENTAL

For the Year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Large arena	\$ 315,575	\$ 293,970
Gym	93,917	80,818
Small arena	83,237	71,237
Multi-purpose, lobby and dressing room	61,016	42,104
Bonavista room	45,829	39,773
Fitness centre	34,503	38,688
Scout hall and green space	13,274	12,794
	<u>\$ 647,351</u>	<u>\$ 579,384</u>

LAKE BONAVISTA COMMUNITY ASSOCIATION
SCHEDULE 2 - PROGRAM REVENUE AND EXPENSES
For the Fiscal year ended June 30, 2016

	Hockey	Basketball	Soccer	Children	Adult	Social	Total
Revenue							
Registration	\$ 493,354	37,776	31,323	31,613	25,254	2,552	621,872
Advertising	500	-	-	-	-	-	500
Fundraising	-	-	-	-	-	1,732	1,732
Sponsorships/ grants/donations	4,151	-	-	-	-	3,401	7,552
Miscellaneous	147	-	5,650	-	-	-	5,797
	498,152	37,776	36,973	31,613	25,254	7,685	637,453
Expenditures:							
Bonafund discount	42,650	790	20	345	145	125	44,075
Awards and photos	6,934	337	6,750	-	-	212	14,233
City registration	62,909	-	-	-	-	-	62,909
Officials/instructors	59,156	5,904	-	7,401	11,483	63	84,007
Salaries	-	-	976	4,993	217	1,227	7,413
Donations	-	-	-	-	-	802	802
Coaches clinics/training	4,050	-	-	-	-	-	4,050
Facilities - external	13,593	7,974	474	-	-	140	22,181
Uniforms/equipment	8,803	1,691	5,853	601	-	1,552	18,500
Miscellaneous	11,259	1	3,553	114	401	9,522	24,850
	209,354	16,697	17,626	13,454	12,246	13,643	283,020
Excess of revenue (deficit) over expenses	\$ 288,798	21,079	19,347	18,159	13,008	(5,958)	354,433

For the Year ended June 30, 2015

	Hockey	Basketball	Soccer	Children	Adult	Social	Total
Revenue							
Registration	\$ 444,483	25,537	27,501	135,183	26,966	1,717	661,387
Advertising	600	-	-	-	-	-	600
Sponsorships/ grants/donations	4,295	-	375	143	286	1,553	6,652
Miscellaneous	427	-	4,750	-	-	-	5,177
	449,805	25,537	32,626	135,326	27,252	3,270	673,816
Expenditures:							
City registration	60,229	-	-	109,080	-	-	169,309
Officials/instructors	56,985	4,308	-	10,448	11,534	-	83,275
Salaries	-	-	1,336	4,493	-	-	5,829
Bonafund discount	32,000	-	-	-	-	-	32,000
Awards and photos	5,115	456	5,561	-	-	-	11,132
Donations	-	-	-	-	-	-	-
Coaches clinics/training	5,361	-	-	-	-	-	5,361
Facilities - external	8,294	4,740	477	-	-	289	13,800
Uniforms/equipment	8,154	961	5,225	-	214	208	14,762
Miscellaneous	15,561	125	4,454	405	993	11,393	32,931
	191,699	10,590	17,053	124,426	12,741	11,890	368,399
Excess of revenue (deficit) over expenses	\$ 258,106	14,947	15,573	10,900	14,511	(8,620)	305,417