

NE CENTRE OF COMMUNITY SOCIETY

FINANCIAL STATEMENTS
(Audited)

DECEMBER 31, 2012

NE CENTRE OF COMMUNITY SOCIETY

December 31, 2012

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Independent Auditor's Report

To the Members of:
NE Centre of Community Society

I have audited the financial statements of NE Centre of Community Society as at December 31, 2012 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 generally accepted accounting principles for not-for profit entities 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 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 NE Centre of Community Society 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 NE Centre of Community Society 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 NE Centre of Community Society as at December 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit entities.

Calgary, Alberta
April 3, 2013


Heidi Brauer
Certified Management Accountant





NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF FINANCIAL POSITION
(Audited)

As at December 31, 2012

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash, unrestricted	\$ 1,304,306	\$ 22,462
Term Deposits, unrestricted (Note 6)	28,155	935,384
Cash, internally restricted (Note 9)	499,970	-
Externally Restricted Assets (Note 3)	-	1,625,171
Accounts Receivable, unrestricted	826,650	115,703
Prepaid Expense	10,188	8,762
	2,669,269	2,707,482
PROPERTY AND EQUIPMENT (Note 4)	24,405,344	24,329,112
	\$ 27,074,613	\$ 27,036,594
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 137,685	\$ 179,890
Deferred Revenue	398,880	-
Deferred Cash Contributions (Note 3)	-	1,625,171
	536,565	1,805,061
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	21,195,074	20,232,743
NET ASSETS		
Unrestricted	1,632,734	902,421
Internally Restricted	499,970	-
Invested in Property and Equipment	3,210,270	4,096,369
	5,342,974	4,998,790
	\$ 27,074,613	\$ 27,036,594

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

 _____ Director
 _____ Director

See Notes to the Financial Statements

NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Invested in Property and Equipment</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
Balances, Beginning of the Year	\$ 902,421	-	4,096,369	4,998,790	4,998,683
Transfer of Funds Set up Internally Restricted (Note 9)	(290,631)	347,720	-	57,089	-
Increase (Decrease)	1,020,944	-	(886,099)	134,845	107
Balances, End of the Year	<u>\$ 1,632,734</u>	<u>499,970</u>	<u>3,210,270</u>	<u>5,342,974</u>	<u>4,998,790</u>

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2012

	2012	2011
REVENUE		
Amortized Contributions	\$ 897,192	\$ 5,133
Facility Rental	647,462	-
Donations and Contributions	601,564	-
Leases, Commission and Sponsorship	292,009	389,388
Admission and Passes	88,286	-
Program	57,275	-
Commons Management Fee	24,600	-
Interest Income	9,227	8,418
Commons Rental	5,026	-
	2,622,641	402,939
EXPENSES		
Depreciation	1,080,462	5,133
Wages and Salaries	645,907	174,865
Common Area	324,327	-
Administration	124,869	33,483
Utilities	93,587	45,759
Consulting and Management Fees (Note 8)	61,132	78,345
Building Operation	36,225	148
Marketing	30,238	4,692
Computer Related	26,852	23,991
Accounting and Legal	19,419	14,181
Interest and Bank Charges	15,935	2,847
Board	12,095	-
Insurance	7,900	1,924
Telephone	5,439	320
Programs	3,409	-
Rent	-	17,144
	2,487,796	402,832
EXCESS OF REVENUE OVER EXPENSES	\$ 134,845	\$ 107

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended December 31, 2012

	2012	2011
Cash generated from (used in):		
OPERATING ACTIVITIES		
Excess of Revenue over Expenses	\$ 134,845	\$ 107
Charges not requiring cash outlay:		
Amortization	1,080,462	5,133
Amortized Contributions	(897,192)	(5,133)
Changes in non-cash Operating Working Capital:		
Accounts Receivable	(585,946)	19,101
	(1,426)	(2,174)
Accounts Payable	(42,205)	162,876
Deferred Revenue	398,880	-
	87,418	179,910
FINANCING ACTIVITIES		
Deferred Cash Contributions	(1,625,171)	(182,051)
Transfer from Externally Restricted Cash	57,089	-
Internally Restricted	152,250	-
Deferred Capital Contributions	1,859,523	5,850,479
	443,691	5,668,428
INVESTING ACTIVITIES		
Furniture & Equipment	(636,795)	(144,380)
Construction Costs	(519,900)	(7,092,300)
	(1,156,695)	(7,236,680)
INCREASE (DECREASE) IN CASH	(625,586)	(1,388,342)
CASH, BEGINNING OF THE YEAR	2,458,017	3,846,359
CASH, END OF THE YEAR	\$ 1,832,431	\$ 2,458,017
Consisting of:		
Cash, unrestricted	\$ 1,304,306	\$ 22,462
Term Deposit, unrestricted	28,155	935,384
Internally Restricted Cash	499,970	-
Externally restricted Cash	-	1,500,171
	\$ 1,832,431	\$ 2,458,017

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

1. SOCIETY

The NE Centre of Community Society ("the Society") was incorporated with the Province of Alberta on November 18, 2005 as a not for profit association and as such is exempt from income tax under section 149 of the Canadian Income Tax Act.

The Society is a registered charity.

The Society was established to build and sustain a strong community by encouraging community leadership, promoting volunteerism and creating a bridge between the diverse cultures within a fun family environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared according to Canadian generally accepted accounting principles, of which the most significant policies are:

Revenue Recognition:

Unrestricted contributions are recorded according to the accrual method where revenue is recognized when received or reasonable assurance is given, that it is receivable.

Externally restricted contributions are recorded according to the deferral method, where revenue is recognized when the related expense occurred.

Contributed Services:

A number of volunteers have spent a considerable amount of time to develop the Societies projects. This contributed time has not been taken into consideration in these financial statements.

Measurement Uncertainty:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management 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.

Basis of Accounting:

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

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

3. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS

Unspent grant funding and designated donations, which have not yet been spent are recorded as externally restricted assets. They stay a liability until spent:

	2012	2011
Scotiabank Chequing Federal	\$ -	\$ 1,500,171
Plus: Accounts Receivable - Parks Foundation	-	125,000
	\$ -	\$ 1,625,171

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2012	Net 2011
Equipment and Furniture	\$ 781,175	97,205	683,970	139,247
Building	24,709,765	988,391	23,721,374	24,189,865
	\$ 25,490,940	1,085,596	24,405,344	24,329,112

5. GRANTS

	2012	2011
Parks Foundation	\$ 5,000	\$ -
Canada Summer Job Grant	7,971	-
Parks Foundation Calgary	125,000	-
Contributed to Property and Equipment	(125,000)	-
Spent on Operations and recorded in Sponsorships	\$ 12,971	\$ -

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

6. INVESTMENTS

The Scotiabank is holding the following guaranteed investment certificates for the Society:

\$	20,000	maturing May 3, 2013, 1.4% redeemable
	8,155	maturing March 5, 2013, .15% redeemable
<u>\$</u>	<u>28,155</u>	

7. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted cash contributed to the purchase of property and equipment is recorded as deferred capital contributions and will be amortized on the same basis and brought into income as the related capital asset is amortized and expensed.

	2012	2011
Carried forward from previous year	\$ 20,232,743	\$ 14,387,397
Plus: Addition	1,859,523	5,850,479
Less: Amortization	(897,192)	(5,133)
Balance to next year	<u>\$ 21,195,074</u>	<u>\$ 20,232,743</u>

8. CONSULTING AND MANAGEMENT FEES

A portion of the consulting fees were capitalized.

9. INTERNALLY RESTRICTED CASH

The Board of Directors restricted \$499,970 for lifecycle maintenance from externally restricted cash, which had been spent from unrestricted cash.

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

10. ADOPTION OF PART III OF THE CICA HANDBOOK

Financial Statement Presentation by Not-For-Profit Organizations

In December 2010, the Accounting Standards Board issued Part III of the CICA Handbook - Accounting - Accounting Standards for Not-for-Profit Organizations. First time adoption of this Part of the Handbook was mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. The Association has the choice at that time to elect to use this Part of the Handbook or adopt the international Financial Reporting Standards. The Society has elected to adopt the standards contained in Part III of the CICA Handbook - Accounting - Accounting for Not-for Profit Organizations.

Upon adoption, it is required to provide the opening Statement of Financial Position as at the date of transition to the new standards, which in the case of the Society was January 1, 2011. There is no noted impact on transition to the Society.

ASSETS:	January 1
	2011
Cash, unrestricted	\$ 445,386
Term Deposits, unrestricted	1,718,751
Accounts Receivable	134,804
Prepaid Expenses	6,588
Externally Restricted Assets	1,807,222
Property and Equipment	17,097,564
	<u>\$ 21,210,315</u>
LIABILITIES:	
Accounts Payable	\$ 17,014
Deferred Cash Contribution	1,807,222
Deferred Capital Contribution	14,387,396
NET ASSETS	4,998,683
	<u><u>\$ 21,210,315</u></u>

11. COMPARATIVE DATA

Certain of the 2011 data has been reclassified to agree with this year's presentation.