

**NE CENTRE OF COMMUNITY SOCIETY**

**FINANCIAL STATEMENTS**  
(Audited)

**DECEMBER 31, 2013**

# NE CENTRE OF COMMUNITY SOCIETY

December 31, 2013

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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, 2013 and 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 years ended December 31, 2013 and December 31, 2012.

### **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.

## Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the NE Centre of Community Society as at December 31, 2013 and December 31, 2012 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles for not-for-profit entities.

Calgary, Alberta  
February 24, 2014

  
Heidi Brauer  
Certified Management Accountant



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

**As at December 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents, unrestricted	\$ 769,575	\$ 1,304,306
Term Deposits, unrestricted (Note 5)	28,644	28,155
Cash, internally restricted (Note 8)	1,457,286	499,970
Accounts Receivable, unrestricted	482,666	792,610
GST Receivable	208	-
Prepaid Expense	11,223	10,188
	<b>2,749,602</b>	<b>2,635,229</b>
<b>PROPERTY AND EQUIPMENT (Note 3)</b>	<b>24,099,004</b>	<b>24,405,344</b>
	<b>\$ 26,848,606</b>	<b>\$ 27,040,573</b>

**LIABILITIES AND NET ASSETS**


**CURRENT LIABILITIES**


Accounts Payable and Accrued Liabilities	\$ 109,143	\$ 137,685
GST Payable	-	3,638
Deferred Revenue	645,601	398,880
	<b>754,744</b>	<b>540,203</b>
<b>DEFERRED CAPITAL CONTRIBUTIONS (Note 6)</b>	<b>20,494,682</b>	<b>21,195,074</b>

**NET ASSETS**

Unrestricted	537,572	1,595,056
Internally Restricted	1,457,286	499,970
Invested in Property and Equipment	3,604,322	3,210,270
	<b>5,599,180</b>	<b>5,305,296</b>
	<b>\$ 26,848,606</b>	<b>\$ 27,040,573</b>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

**For the Year Ended December 31, 2013**

	<b>Unrestricted</b>	<b>Internally Restricted</b>	<b>Invested in Property and Equipment</b>	<b>2013 Totals</b>	<b>2012 Totals</b>
Balances, Beginning of the Year	<b>\$ 1,632,734</b>	<b>499,970</b>	<b>3,210,270</b>	<b>5,342,974</b>	4,998,790
Re-statement (Note 9)	<b>(37,678)</b>	-	-	<b>(37,678)</b>	(37,678)
	<b>1,595,056</b>	<b>499,970</b>	<b>3,210,270</b>	<b>5,305,296</b>	4,961,112
Transfer of Funds	<b>(957,316)</b>	<b>957,316</b>	-	-	209,339
Increase (Decrease)	<b>(100,168)</b>	-	<b>394,052</b>	<b>293,884</b>	134,845
Balances, End of the Year	<b>\$ 537,572</b>	<b>1,457,286</b>	<b>3,604,322</b>	<b>5,599,180</b>	5,305,296

**NE CENTRE OF COMMUNITY SOCIETY**  
**STATEMENT OF OPERATIONS**  
(Audited)

**For the Year Ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>REVENUE</b>		
Facility Rental	\$ 872,111	\$ 647,462
Donations and Government Grants (Note 4)	512,093	710,535
Leases	295,505	144,239
Admission and Passes	105,586	88,286
Commission and Sponsorship	88,263	38,798
Cultural Festival	46,891	-
Common Area	37,453	29,626
Program	37,172	57,275
Interest Income	16,280	9,227
	<b>2,011,354</b>	<b>\$ 1,725,449</b>
<b>EXPENSES</b>		
Wages and Salaries	711,697	645,907
Common Area	422,287	324,327
Building Operation	150,520	137,712
Administration	131,338	266,693
Cultural Festival	47,814	-
Marketing	31,422	29,286
Programs	2,399	3,409
	<b>1,497,477</b>	<b>1,407,334</b>
<b>Excess of Revenue over Expenses before Amortization</b>	<b>513,877</b>	<b>318,115</b>
Depreciation Expense	(1,125,385)	(1,080,462)
Amortized Contributions (Note 6)	905,392	897,192
<b>EXCESS OF REVENUE OVER EXPENSES AFTER AMORTIZATION</b>	<b>\$ 293,884</b>	<b>\$ 134,845</b>

See Notes to Financial Statements

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

**For the Year Ended December 31, 2013**

	<b>2013</b>	<b>2012</b>
<b>Cash generated from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of Revenue over Expenses	\$ 293,884	\$ 134,845
Charges not requiring cash outlay:		
Amortization	1,125,385	1,080,462
Amortized Contributions	(905,392)	(897,192)
Changes in non-cash Operating Working Capital:		
Accounts Receivable	309,736	(589,584)
Prepaid Expenses	(1,035)	(1,426)
Accounts Payable	(28,542)	(42,205)
GST Payable	(3,638)	3,638
Deferred Revenue	246,721	398,880
	<b>1,037,119</b>	<b>87,418</b>
<b>FINANCING ACTIVITIES</b>		
Deferred Cash Contributions	-	(1,625,171)
Transfer from Externally Restricted Cash	-	57,089
Internally Restricted	-	152,250
Deferred Capital Contributions	205,000	1,859,523
	<b>205,000</b>	<b>443,691</b>
<b>INVESTING ACTIVITIES</b>		
Furniture & Equipment	(202,692)	(636,795)
Construction Costs	(616,352)	(519,900)
Investments	(490)	907,229
	<b>(819,534)</b>	<b>(249,466)</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>422,585</b>	<b>281,643</b>
<b>CASH, BEGINNING OF THE YEAR</b>	<b>1,804,276</b>	<b>1,522,633</b>
<b>CASH, END OF THE YEAR</b>	<b>\$ 2,226,861</b>	<b>\$ 1,804,276</b>
<b>Consisting of:</b>		
Cash, unrestricted	\$ 769,575	\$ 1,304,306
Internally Restricted Cash	1,457,286	499,970
	<b>\$ 2,226,861</b>	<b>\$ 1,804,276</b>

See Notes to Financial Statements



# NE CENTRE OF COMMUNITY SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

### 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. On December 31, 2013, the Society did not hold externally restricted assets.

#### **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, 2013

**Financial Instruments**

The Association applies Sections 3855 "Financial Instruments - Recognition and Measurement", and 3861 "Financial Instruments - Disclosure and Presentation" of the Canadian Institute of Chartered Accountants (CICA) Handbook. As permitted by the CICA, the Association has elected not to adopt the new standards 3862 and 3863 and continues to apply Section 3861 on disclosure and presentation of the financial statements.

**Property and Equipment**

Property and Equipment over \$5,000 are recorded as such at cost and amortized on a straight line basis over the estimated life of the asset according to the following rates:

Building and Improvements	25 years
Furniture and Equipment	10 years
Computer Hard and Software	3 years

**3. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net 2013	Net 2012
Equipment and Furniture	\$ 983,868	209,545	774,323	683,970
Building	25,326,116	2,001,435	23,324,681	23,721,374
	<u>\$ 26,309,984</u>	<u>2,210,980</u>	<u>24,099,004</u>	<u>24,405,344</u>

**4. DONATIONS AND GOVERNMENT GRANTS**

	2013	2012
Alberta Government - Alberta Culture	\$ 9,000	\$ -
The Calgary Foundation	20,000	-
Parks Foundation	-	5,000
Canada Summer Job Grant	11,593	7,971
City of Calgary	8,000	-
Alberta Recreation and Parks Foundation	500	-
Parks Foundation Calgary	-	125,000
Contributed to Property and Equipment	-	(125,000)
Contributed to Culture Fest	(37,000)	-
Donations*	<u>500,000</u>	<u>697,564</u>
	<u>\$ 512,093</u>	<u>\$ 710,535</u>

\*Donations include \$500,000 from the Genesis Land Development Corporation for naming rights.

**NE CENTRE OF COMMUNITY SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2013

**5. TERM DEPOSITS**

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

\$	<b>8,240</b>	maturing Sept. 13, 2014, 1.6% redeemable
	<u><b>20,404</b></u>	maturing Nov. 10, 2014, 1.55% redeemable
<b>\$</b>	<u><b>28,644</b></u>	

**6. 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.

	<b>2013</b>	<b>2012</b>
Carried forward from previous year	\$ <b>21,195,074</b>	\$ 20,232,743
Plus: Addition	<b>205,000</b>	1,859,523
Less: Amortization	<b>(905,392)</b>	(897,192)
Balance to next year	<u><b>\$ 20,494,682</b></u>	<u>\$ 21,195,074</u>

**7. CONSULTING AND MANAGEMENT FEES**

A portion of the consulting fees were capitalized.

**8. INTERNALLY RESTRICTED CASH**

Aligned with the lease agreement with the City of Calgary (Note 10), in 2012 the Board of Directors restricted \$499,970 for the Capital Maintenance Reserve Fund. In 2013 an additional \$507,316 was transferred including interest. There is an outstanding transfer at the end of the fiscal year of \$450,000 from the Savings account to the Operating Reserve account as approved by the Board of Directors.

**NE CENTRE OF COMMUNITY SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**9. RESTATEMENT**

2012 had been the first year of operation. The Society had anticipated to have more than 50% taxable activities and had claimed the additional 50% of GST paid on the construction.

During a GST audit, it was determined, that the 50% taxable activities had not yet materialized and CRA disallowed the additional claim of \$ 20,241.

GST had been collected on facility rentals, long term leases and management fees during 2012. This has to be returned at 100%, which resulted in a payable of \$16,863. These amounts plus interest resulted in a total adjustment of \$37,678.

Prior year's data has been adjusted by decreasing the receivable of \$34,040.09, increasing the payable by \$3,638 and decreasing the net assets by \$37,678.09.

**10. COMMITMENT**

According to the lease agreement with the City of Calgary, the NE Centre of Community Society is required to establish two interest bearing reserve funds, a Capital Maintenance Reserve Fund and an Operating Reserve Fund. The Society will contribute Five Hundred Thousand (\$500,000) Dollars each years for four years to attain the initial amount of the Capital Maintenance Reserve Fund of Two Million (\$2,000,000) Dollars.

In addition, the Society will establish an Operating Reserve in the initial amount of Two Hundred Thousand (\$200,000) Dollars, with a minimum value of Two Hundred Fifty Thousand (\$250,000) Dollars after five years.