

NE CENTRE OF COMMUNITY SOCIETY

FINANCIAL STATEMENTS (Audited)

DECEMBER 31, 2014



NE CENTRE OF COMMUNITY SOCIETY

December 31, 2014

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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, 2014, 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 standards 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 generally accepted 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 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, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards for not-for-profit entities.

Calgary, Alberta
February 23, 2015


Heidi Brauer
Certified Management Accountant




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


As at December 31, 2014

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 1,265,436	\$ 769,575
Term deposit, unrestricted (Note 5)	20,756	28,644
Investment, internally restricted (Note 8)	255,819	450,000
Accounts receivable, unrestricted	689,711	482,666
GST receivable	24,463	208
Prepaid expense	24,698	11,223
	2,280,883	1,742,316
LONG TERM INVESTMENT, internally restricted (Note 8)	1,541,180	1,007,286
PROPERTY AND EQUIPMENT (Note 3)	23,087,257	24,099,004
	\$ 26,909,320	\$ 26,848,606
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 178,247	\$ 109,143
Deferred revenue	778,699	645,601
	956,946	754,744
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	19,589,290	20,494,682
NET ASSETS		
Unrestricted	1,068,118	537,572
Internally restricted	1,796,999	1,457,286
Invested in property and equipment	3,497,967	3,604,322
	6,363,084	5,599,180
	\$ 26,909,320	\$ 26,848,606

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, 2014

	Unrestricted	Internally Restricted	Invested in Property and Equipment	2014 Totals	2013 Totals
Balances, Beginning of the Year	\$ 537,572	1,457,286	3,604,322	5,599,180	5,305,296
Transfer of Funds	(339,713)	339,713	-	-	-
Increase (Decrease)	870,259	-	(106,355)	763,904	293,884
Balances, End of the Year	\$ 1,068,118	1,796,999	3,497,967	6,363,084	5,599,180

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2014

	2014	2013
REVENUE		
Facility rental	\$ 1,173,608	\$ 872,111
Donations and government grants (Note 4)	712,818	512,093
Leases	333,237	295,505
Admission and passes	143,124	105,586
Common area	119,309	37,453
Programs and supplies	93,301	84,063
Commission and sponsorship	78,160	88,262
Investment income	61,682	16,280
	2,715,239	\$ 2,011,353
EXPENSES		
Wages and salaries	884,039	711,697
Common area	441,822	422,287
Building operation	176,949	150,520
Administration	169,402	131,338
Marketing	34,365	31,421
Programs and supplies	17,991	50,213
	1,724,568	1,497,476
Excess of revenue over expenses before amortization	990,671	513,877
Depreciation expense	(1,132,159)	(1,125,385)
Amortized contributions (Note 6)	905,392	905,392
	905,392	905,392
EXCESS OF REVENUE OVER EXPENSES AFTER AMORTIZATION	\$ 763,904	\$ 293,884

See Notes to Financial Statements

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

For the Year Ended December 31, 2014

	2014	2013
Cash generated from (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 763,904	\$ 293,884
Charges not requiring cash outlay:		
Depreciation	1,132,159	1,125,385
Amortized contributions (Note 6)	(905,392)	(905,392)
Changes in non-cash operating working capital:		
Accounts receivable	(207,045)	309,735
GST receivable	(24,255)	(208)
Prepaid expenses	(13,475)	(1,035)
Accounts payable	69,104	(28,542)
GST payable	-	(3,430)
Deferred revenue	133,098	246,721
	948,098	1,037,118
FINANCING ACTIVITIES		
Deferred capital contributions	-	205,000
	-	205,000
INVESTING ACTIVITIES		
Furniture & equipment	(118,176)	(202,692)
Construction costs	(2,236)	(616,352)
Investments	(331,825)	(957,805)
	(452,237)	(1,776,849)
INCREASE (DECREASE) IN CASH	495,861	(534,731)
CASH, BEGINNING OF THE YEAR	769,575	1,304,306
CASH, END OF THE YEAR	\$ 1,265,436	\$ 769,575
Consisting of:		
Cash and cash equivalents, unrestricted	\$ 1,265,436	\$ 769,575

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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 currently 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 standards for not for profit organizations, 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, 2014, 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.

Basis of Accounting:

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

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.

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

December 31, 2014

Financial Instruments

Measurement of Financial Instruments:

The Society initially measures its financial assets and financial liabilities at fair value. The Society 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.

Risk:

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

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 statement 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.

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

No residual value and 50% of amortization in the first year are taken into consideration.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2014	Net 2013
Equipment and furniture	\$ 1,102,044	328,570	773,474	774,323
Building	25,328,352	3,014,569	22,313,783	23,324,681
	<u>\$ 26,430,396</u>	<u>3,343,139</u>	<u>23,087,257</u>	<u>24,099,004</u>

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

4. DONATIONS AND GOVERNMENT GRANTS

	<u>2014</u>	<u>2013</u>
Alberta Government - Alberta Culture	\$ -	\$ 9,000
The Calgary Foundation	-	20,000
Canada Summer Job Grant	8,235	11,593
City of Calgary	-	8,000
Alberta Recreation and Parks Foundation	-	500
Contributed to Culture Fest	-	(37,000)
Donations*	704,583	500,000
	<u>\$ 712,818</u>	<u>\$ 512,093</u>

*Donations include \$500,000 from the Genesis Land Development Corporation for naming rights and \$200,000 from Walton International Group Inc.

5. TERM DEPOSITS/MANAGED FUNDS

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

\$ 20,756 maturing January 31, 2015 @ 1.55% redeemable

In July of 2014, the Society entrusted the Calgary Foundation with the operating reserve of \$250,000 and the capital maintenance reserve (Life Cycle) of \$1,516,152. Both funds are recorded as internally restricted investments, the operating reserve as short term and the capital maintenance reserve as long term (Note 8).

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.

	<u>2014</u>	<u>2013</u>
Carried forward from previous year	\$ 20,494,682	\$ 21,195,074
Plus: Addition	-	205,000
Less: Amortization	(905,392)	(905,392)
Balance to next year	<u>\$ 19,589,290</u>	<u>\$ 20,494,682</u>

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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 9), in 2012 the Board of Directors set up two reserve funds. One is the Capital Maintenance Reserve Fund and the other is the Operating Reserve Fund. In 2014 an additional \$308,866 were transferred including interest (Note 5).

9. 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 year 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.

10. COMPARATIVE DATA

Certain of the 2013 data has been changed to agree with this year's presentation.