

NE CENTRE OF COMMUNITY SOCIETY

FINANCIAL STATEMENTS (Audited)

DECEMBER 31, 2015



NE CENTRE OF COMMUNITY SOCIETY

December 31, 2015

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HEIDI BRAUER, CPA, CMA

1609 14th Street SW, Calgary, AB T3C 1E4

T: 403-244-4111 ext.209
F:403-244-4129

email: heidl.brauer@calgarycommunities.com
website: www.calgarycommunities.com

Independent Auditor's Report

To the Members of:
NE Centre of Community Society

I have audited the financial statements of the NE Centre of Community Society as at December 31, 2015, 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 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, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Calgary, Alberta
February 22, 2016

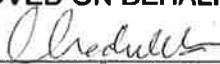

Heidi Brauer CPA, CMA

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


As at December 31, 2015

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 638,930	\$ 1,265,436
Term deposit, unrestricted (Note 5)	20,779	20,756
Investment, internally restricted (Note 8)	269,265	255,819
Accounts receivable, unrestricted	1,263,500	689,711
GST receivable	35,405	24,462
Prepaid expense	28,364	24,698
	2,256,243	2,280,882
LONG TERM INVESTMENT , internally restricted (Note 8)	2,118,267	1,541,180
PROPERTY AND EQUIPMENT (Note 3)	23,028,306	23,087,257
	\$ 27,402,816	\$ 26,909,319
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 279,025	\$ 178,247
GST Payable	-	22,209
Deferred revenue	944,716	778,699
	1,223,741	979,155
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	19,092,504	19,589,290
NET ASSETS		
Unrestricted	763,237	1,045,908
Internally restricted	2,387,532	1,796,999
Invested in property and equipment	3,935,802	3,497,967
	7,086,571	6,340,874
	\$ 27,402,816	\$ 26,909,319

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, 2015

	Unrestricted	Internally Restricted	Invested in Property and Equipment	2015 Totals	2014 Totals
Balances, Beginning of the Year	\$ 1,068,117	1,796,999	3,497,967	6,363,083	5,599,179
Re-statement (Note 10)	(22,209)	-	-	(22,209)	(22,209)
	1,045,908	1,796,999	3,497,967	6,340,874	5,576,970
Transfer of Funds (Note 8)	(500,000)	500,000	-	-	-
Increase (Decrease)	217,329	-	437,835	745,697	763,904
Balances, End of the Year	\$ 763,237	2,387,532	3,935,802	7,086,571	6,340,874

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2015

	2015	2014
REVENUE		
Facility rental	\$ 1,432,565	\$ 1,173,608
Donations and government grants (Note 4)	714,997	712,818
Investment income (Note 11)	121,600	56,833
Leases	316,518	333,237
Common area	277,525	119,309
Admission and passes	231,347	143,124
Programs and supplies	104,504	93,301
Commission and sponsorship	79,624	78,160
	3,278,680	\$ 2,710,390
EXPENSES		
Wages and salaries	1,159,155	884,039
Common area	541,945	441,822
Administration	209,907	164,553
Building operation	286,440	176,949
Marketing	61,218	34,365
Programs and supplies	505	17,991
	2,259,170	1,719,719
Excess of revenue over expenses before amortization	1,019,510	990,671
Depreciation expense	(1,224,332)	(1,132,159)
Amortization of deferred capital contributions (Note 6)	950,519	905,392
	950,519	905,392
EXCESS OF REVENUE OVER EXPENSES AFTER AMORTIZATION	\$ 745,697	\$ 763,904

See Notes to Financial Statements

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

For the Year Ended December 31, 2015

	2015	2014
Cash generated from (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 745,697	\$ 763,904
Charges not requiring cash outlay:		
Depreciation	1,224,332	1,132,159
Amortization of deferred capital contributions (Note 6)	(950,519)	(905,392)
Changes in non-cash operating working capital:		
Accounts receivable	(573,787)	(207,045)
GST receivable	(10,943)	(24,255)
Prepaid expenses	(3,666)	(13,475)
Accounts payable	100,778	69,104
GST payable	(22,209)	-
Deferred revenue	166,016	133,098
	675,699	948,098
FINANCING ACTIVITIES		
Deferred capital contributions	453,733	-
	453,733	-
INVESTING ACTIVITIES		
Furniture & equipment	(1,005,980)	(118,176)
Construction costs	(159,402)	(2,236)
Investments	(590,556)	(331,825)
	(1,755,938)	(452,237)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(626,506)	495,861
Cash and cash equivalents, beginning of the year	1,265,436	769,575
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 638,930	\$ 1,265,436
Consisting of:		
Cash and cash equivalents, unrestricted	\$ 638,930	\$ 1,265,436

See Notes to Financial Statements

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

December 31, 2015

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 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, 2015 and 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, 2015

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 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 no 50% of amortization in the first year are taken into consideration.

3. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2015	Net 2014
Equipment and furniture	\$ 2,108,024	533,392	1,574,632	773,474
Building	25,487,753	4,034,079	21,453,674	22,313,783
	<u>\$ 27,595,777</u>	<u>4,567,471</u>	<u>23,028,306</u>	<u>23,087,257</u>

The land the building is situated on is leased from the City of Calgary at a nominal fee.

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

December 31, 2015

4. DONATIONS AND GOVERNMENT GRANTS

	<u>2015</u>	<u>2014</u>
Canada Summer Job Grant	\$ 3,684	\$ 8,235
Donations*	711,313	704,583
	<u>\$ 714,997</u>	<u>\$ 712,818</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. This serves as security for the Visa credit card.

\$ 20,779 tiered interest rate, no maturity date

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). An additional \$500,000 has been added during the 2015 fiscal year. Total funds held by the Calgary Foundation for the NE Centre of Community Society as per December 31, 2015 \$2,387,532.

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>2015</u>	<u>2014</u>
Carried forward from previous year	\$ 19,589,290	\$ 20,494,682
Plus: Addition	453,733	-
Less: Amortization	(950,519)	(905,392)
Balance to next year	<u>\$ 19,092,504</u>	<u>\$ 19,589,290</u>

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

December 31, 2015

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 2015 an additional \$500,000 were transferred including interest (Note 5).

9. COMMITMENT

According to the lease agreement with the City of Calgary, the NE Centre of Community Society was required to establish two interest bearing reserve funds, a Capital Maintenance Reserve Fund and an Operating Reserve Fund. The Society contributed 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 established 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. This commitment has been fulfilled during the 2015 fiscal year.

10. RESTATEMENT

The Canada Revenue Agency completed their audit for the fiscal years 2012 and 2013. This resulted in a GST liability of \$22,208.52 for prior years and a decrease in net assets.

11. INVESTMENT INCOME

Investment income is a net amount consisting of:

	<u>2015</u>	<u>2014</u>
Interest	\$ 29,869	\$ 27,106
Dividends	87,048	19,215
Capital gain	270,844	15,361
Unrealized loss	(266,161)	(4,849)
	<u>\$ 121,600</u>	<u>\$ 56,833</u>

Please note, that in 2014 the investment loss had been added as an expense to administration. We adjusted the 2014 amounts for investment income and administration to agree with this year's presentation.