

NE CENTRE OF COMMUNITY SOCIETY

FINANCIAL STATEMENTS (Audited)

DECEMBER 31, 2023

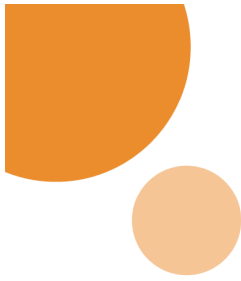


NE CENTRE OF COMMUNITY SOCIETY

DECEMBER 31, 2023

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Heidi Brauer

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Independent Auditor's Report

**To the Members of:
NE Centre of Community Society**

Report on the Audit of the Financial Statements

Opinion

I have audited the Statement of Financial Position of the NE Centre of Community Society (NECCS) as at December 31, 2023 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2023.

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, 2023 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit associations.

Basis for Opinion

I am independent of the NE Centre of Community Society in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole in forming my opinion thereon and I do not provide a separate opinion on these matters.

Please note, that the statement of operations includes an unrealised gain on investments of \$156,702 (2022 - an unrealised loss of \$492,723).

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 associations 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.

In preparing the financial statements, management is responsible for assessing the NE Centre of Community's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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 associations (ASNPO). 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, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.



Calgary, Alberta
March 18, 2024

Heidi Brauer
Chartered Professional Accountant

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

As at December 31, 2023

	2023	Re-stated (Note 15) 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 65,358	\$ 172,007
Investment, internally restricted (Notes 5 & 7)	1,456,543	1,365,484
Accounts receivable, unrestricted (Note 13)	563,155	281,844
GST receivable	45,628	12,421
Prepaid expense	62,399	36,207
	2,193,083	1,867,963
EXTERNALLY RESTRICTED ASSETS (Note 9)	111,898	79,464
LONG TERM INVESTMENT , internally restricted (Notes 5 & 7)	3,834,103	3,983,804
PROPERTY AND EQUIPMENT (Note 3)	19,677,878	20,277,617
	\$ 25,816,962	\$ 26,208,848
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 76,253	\$ 87,643
Deferred cash contributions (Note 9)	111,898	79,464
Deferred revenue (Note 16)	148,607	16,095
	336,758	183,202
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	13,893,480	14,704,776
NET ASSETS		
Unrestricted	511,680	398,741
Internally restricted (Note 5)	5,290,646	5,349,288
Invested in property and equipment	5,784,398	5,572,841
	11,586,724	11,320,870
	\$ 25,816,962	\$ 26,208,848

Commitment (Note 7)

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, 2023

	Unrestricted	Internally Restricted (Note 5)	Invested in Property and Equipment	2023 Totals	Re-stated (Note 15) 2022 Totals
Balances, per 2022 financial statements	398,741	5,425,238	5,572,841	11,396,820	11,591,555
Restatement (Note 15)	-	(75,950)	-	(75,950)	-
Adjusted	398,741	5,349,288	5,572,841	11,320,870	11,591,555
Transfer of Funds	58,642	(58,642)	-	-	-
Increase (Decrease)	54,297	-	211,557	265,854	(270,685)
Balances, end of year	\$ 511,680	5,290,646	5,784,398	11,586,724	11,320,870

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended December 31, 2023

	<u>2023</u>	<u>Re-stated (Note 15) 2022</u>
REVENUE		
Facility rental	2,050,715	\$ 1,987,836
Contributions from Commons Operating Reserve Fund (Note 17)	800,000	250,000
Commons area	448,827	420,425
Leases	350,834	307,578
Admission and passes	274,182	269,244
Government grants and donations (Note 4)	112,413	306,944
Contributions from lifecycle reserve fund	100,000	-
Commission and sponsorship	92,617	61,137
Casino contributions (Note 10)	70,607	-
Programs and supplies (Note 11)	36,450	96,900
Reimbursements (Note 14)	-	100,384
	<u>4,336,645</u>	<u>\$ 3,800,448</u>
EXPENSES		
Wages and benefits	2,158,751	1,994,160
Commons area	749,429	679,053
Administration	369,740	349,365
Building operations	323,438	294,333
3rd party service and equipment	197,274	223,366
Programs and supplies (Note 11)	42,473	48,986
Marketing	42,750	36,049
	<u>3,883,855</u>	<u>3,625,312</u>
Excess of revenue over expenses from operations	452,790	175,136
Commons area operating reserve fund including partners payment	(400,000)	(125,000)
Investment income (Note 8)	267,794	211,074
Depreciation expense	(1,268,263)	(983,203)
Amortization of deferred capital contributions (Note 6)	1,056,831	944,031
	<u>109,152</u>	<u>222,038</u>
Excess of revenue after amortization, investment income and before unrealised gain (loss)	109,152	222,038
Unrealised gain (loss)(Note 8)	156,702	(492,723)
	<u>265,854</u>	<u>(270,685)</u>
EXCESS OF REVENUE (DEFICIENCY) OVER EXPENSES AFTER AMORTIZATION AND UNREALISED GAIN (LOSS)	\$ 265,854	\$ (270,685)

See Notes to Financial Statements

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

For the Year Ended December 31, 2023

	<u>2023</u>	<u>Restated (Note 15) 2022</u>
Cash generated from (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 265,854	\$ (270,685)
Charges not requiring cash outlay:		
Depreciation	1,268,263	983,203
Amortization of deferred capital contributions (Note 6)	(1,056,831)	(944,031)
Changes in non-cash operating working capital:		
Accounts receivable	(281,311)	1,248,908
GST receivable	(33,207)	31,085
Prepaid expenses	(26,192)	(7,656)
Accounts payable	(11,390)	(1,130,806)
Deferred revenue	132,512	(12,707)
	<u>257,698</u>	<u>(102,689)</u>
FINANCING ACTIVITIES		
Deferred Cash Contributions	32,434	(25,072)
Deferred capital contributions	245,535	-
	<u>277,969</u>	<u>(25,072)</u>
INVESTING ACTIVITIES		
Computers	(20,545)	(13,490)
Furniture & equipment	(102,048)	-
Signage	(16,570)	-
Construction costs	(529,361)	(922,037)
Investments	58,642	950,171
	<u>(609,882)</u>	<u>28,134</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(74,215)	(99,627)
Cash and cash equivalents, beginning of the year	<u>251,471</u>	<u>351,098</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 177,256</u>	<u>\$ 251,471</u>
Consisting of:		
Cash and cash equivalents, unrestricted	\$ 65,358	\$ 172,007
Cash and cash equivalents, externally restricted	111,898	79,464
	<u>\$ 177,256</u>	<u>\$ 251,471</u>

See Notes to Financial Statements

NE CENTRE OF COMMUNITY SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 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.

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.

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, 2023

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.

Financial 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 2023	Net 2022
Furniture, computers and Equipment	\$ 2,527,743	2,187,352	340,391	386,967
Signage	16,570	3,314	13,256	-
Building	31,078,757	11,754,526	19,324,231	19,890,650
	<u>\$ 33,623,070</u>	<u>13,945,192</u>	<u>19,677,878</u>	<u>20,277,617</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, 2023

4. GOVERNMENT GRANTS AND DONATIONS

	<u>2023</u>	<u>2022</u>
Canada Summer Jobs Grant	\$ 22,893	\$ 67,574
Canada Parks & Recreation Grant	40,000	-
United Way Calgary	25,000	
Government of Canada- Tourism and Hospitality Recovery Program (THRP)	-	207,370
Canadian Red Cross	47,040	-
Deferred to next year (Note 9)	(23,520)	-
Family & Community Support Services Association of Alberta (FCSSAA)		
Deferred from prior year	-	25,000
City of Calgary - card tournament grant	1,000	3,000
Alberta Culture Days Grant*	-	4,000
Spent on operations	<u>\$ 112,413</u>	<u>\$ 309,944</u>

5. TERM DEPOSITS/MANAGED FUNDS - INTERNALLY RESTRICTED

In July of 2014, the Society entrusted the Calgary Foundation with an operating reserve of \$250,000 and a 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). As per board approval, additional \$500,000 plus interest were added yearly, except for 2020, when the \$500,000 were not invested due to the uncertainty of the COVID-19 pandemic.

In 2021 an additional \$400,000 were transferred from the operating reserve fund. Last year's withdrawal of \$600,000 was for matching the Society's share of the \$2 Million to outdoor fields. They were transferred to the City of Calgary.

Operating Reserve Fund - short term

	<u>2023</u>	<u>Restated (Note 15) 2022</u>
Beginning balance	\$ 1,365,483	\$ 2,093,582
Restatement (Note 15)	-	(19,333)
Interest	7,233	7,280
Dividends	37,118	13,114
Realized capital gain	22,983	4,921
Unrealised gain (loss)	41,410	(114,724)
Administration fees	(17,684)	(19,357)
Withdrawals	-	(600,000)
	<u>\$ 1,456,543</u>	<u>\$ 1,365,483</u>

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Capital Maintenance Reserve Fund - long term

	2023	Restated (Note 15) 2022
Beginning balance	\$ 3,983,805	\$ 4,219,369
Restatement (Note 15)	-	(56,617)
Interest	20,720	16,711
Dividends	102,513	30,859
Realised capital gain	65,429	20,152
Unrealised gain (loss)	115,292	(198,831)
Administration fees	(53,655)	(47,838)
Withdrawal	(400,000)	-
	\$ 3,834,104	\$ 3,983,805
TOTAL SHORT AND LONG TERM	\$ 5,290,647	\$ 5,349,288

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.

	2023	2022
Carried forward from previous year	\$ 14,704,776	\$ 15,648,807
Additions	245,535	-
Less: Amortization	(1,056,831)	(944,031)
Balance to next year	\$ 13,893,480	\$ 14,704,776

7. 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. The balance as per December 31 in this fund was \$3,834,102 (2022 - \$3,983,804 restated) (Note 5).

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 had been fulfilled during the 2015 fiscal year and some of these funds were transferred to a long term investment.

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

8. INVESTMENT INCOME

Investment income is a net amount consisting of:

	2023	Restated (Note 15) 2022
Interest	\$ 39,751	\$ 35,387
Dividends	139,631	107,915
Capital gain	88,412	67,772
Investment income before unrealised gain	267,794	211,074
Unrealised (Loss) Gain	156,702	(492,723)
Investment income (Loss) after unrealised gain	<u>\$ 424,496</u>	<u>\$ (281,649)</u>

9. EXTERNALLY RESTRICTED ASSETS/DEFERRED CASH CONTRIBUTIONS

Unspent casino and grant funding are restricted to be spent according to approved objectives.

	2023	2022
Casino	\$ 88,378	\$ 79,464
Red Cross Grant - held in unrestricted cash	23,520	-
	<u>\$ 111,898</u>	<u>\$ 79,464</u>

10. CASINO CONTRIBUTIONS

	2023	2022
Casino beginning balance	\$ 79,464	\$ 79,536
Plus: Casino pool	79,593	-
Plus: Advisor reimbursement	1,689	-
Plus: Food over-charge transferred from unrestricted	654	-
Less: Bank charges	72	72
Less: Advisor fees	(2,343)	-
Less: Casino bank balance (Note 9)	88,378	79,464
Contribution to operations	<u>\$ 70,607</u>	<u>\$ -</u>

11. PROGRAMS AND SUPPLIES

	2023	2022
Revenues:		
Partnership initiatives	\$ 36,150	\$ 93,900
Cultural festival	200	3,000
Other	100	-
	<u>36,450</u>	<u>96,900</u>
Expenses:		
Community investment projects	25,052	34,329
Partnership initiatives	17,421	14,657
	<u>42,473</u>	<u>48,986</u>
Deficiency of revenue over expenses	<u>\$ (6,023)</u>	<u>\$ 47,914</u>

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

December 31, 2023

12. SUPPORT TO COMMUNITY GROUPS

The Society is committed to giving back to the Community it serves. In 2023 and 2022 the Society hosted a number of free community events. In addition to these events, the Society gives back to the community with volunteer hours, free drop-in and play days, subsidized rentals and a number of other initiatives. Additionally, the Society extended monetary grants and scholarships amounting to \$10,000 (2022 - \$10,000) to various organizations and individuals. For 2023, the monetary values of the free or discounted bookings were \$104,738 (2022 - \$117,576).

The Society provided spaces for adult programs and partnerships for \$85,000 and free space to the Calgary Food Bank app. \$20,000 (2022 - totals \$35,000).

The Society is also running a volunteer program by hiring a volunteer coordinator. The purpose of this program is to provide meaningful work experience to the community members.

13. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Centaur - refund	\$ 132,315	\$ -
Edon Management	111,707	107,220
Intelli net clearing	80,100	99,840
Intelli	173,029	46,008
Intelli refund clearing	65,940	11,877
Pharmasave	40	-
Trellis	24	-
SR Physiotherapy	-	16,899
	<u>\$ 563,155</u>	<u>\$ 281,844</u>

14. REIMBURSEMENTS

The 2022 reimbursements of \$100,384 from the library, consisted of \$75,000 lifecycle reimbursement and \$25,384 which had been paid to the library for studies on repairs on the building envelope, which retro-actively had been reimbursed by insurance.

15. RESTATEMENT

There had been an error in the December 31, 2022 financial statements for the Operating and Capital Maintenance Reserve Funds. This resulted in an over-statement of the funds by \$75,950 (\$19,333 - Operating Reserve Fund, \$56,617 - Capital Maintenance Reserve Fund).

NE CENTRE OF COMMUNITY SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

16. DEFERRED REVENUES

	<u>2023</u>	<u>2022</u>
CBE Mezzanine	\$ 19,200	\$ -
Intelli - miscellaneous	129,407	15,045
Community association rent	-	1,050
	<u>\$ 148,607</u>	<u>\$ 16,095</u>

17. COMMONS AREA OPERATING RESERVE FUND

During the 2016 fiscal year, the Society was entrusted by the City of Calgary and the NECCS Governance Board of the Genesis Centre with \$5,062,503 for the NECCS Commons Area Operating Reserve Fund. This fund was invested with the Calgary Foundation with forecasted withdrawals annually of \$250,000.

Due to higher operating costs of the Commons Area, the Governance Board decided to withdraw \$800,000 every year, starting in 2023.

The Commons Area Operating Fund has been designated by the Governance Board as a "quasi-endowment fund" and, as such, it is intended, that the principal of the Fund be preserved with only the annual income from the Fund being used to offset the operating costs of the Commons Area. It should be noted, that the Governance Board does have the right to decide at any time to expend some or all of the principal of the Commons Area Operating Fund, but would only do so under extraordinary circumstances.

	<u>2023</u>	<u>2022</u>
Opening fund balance	\$ 5,092,609	\$ 5,569,581
Restatement	(70,749)	-
Withdrawals	(800,000)	(250,000)
Investment income	211,759	85,964
TCF administrative and management fees	(53,577)	(54,356)
Unrealised capital gains (losses)	151,153	(258,580)
Ending fund balance	<u>\$ 4,531,195</u>	<u>\$ 5,092,609</u>