

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

To the Members of Hillhurst-Sunnyside Community Association

Qualified Opinion

We have audited the financial statements of Hillhurst-Sunnyside Community Association (the "Association"), which comprise the statement of financial position as at December 31, 2022, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from various activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were unable to determine whether any adjustments might be necessary to various revenue accounts, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2022, current assets and net assets as at December 31, 2022. Our audit opinion on the financial statements for the year ended was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

INDEPENDENT AUDITOR'S REPORT, continued

intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly Catalyst LLP

**CALGARY, ALBERTA
MARCH 29, 2023**

**CHARTERED PROFESSIONAL
ACCOUNTANTS**

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 419,235	\$ 359,899
Accounts receivable	119,697	61,697
Prepaid expenses	15,890	19,780
	554,822	441,376
Investments (Note 3)	115,000	112,702
Capital Assets (Note 4)	1,018,437	969,550
	1,133,437	1,082,252
	\$ 1,688,259	\$ 1,523,628
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 106,088	\$ 126,200
Deferred revenue (Note 5)	123,239	88,088
	229,327	214,288
Deferred Capital Contributions (Note 6)	929,949	908,619
	1,159,276	1,122,907
Net Assets		
Unrestricted	312,827	214,854
Invested in capital assets	88,488	60,931
Internally restricted (Note 7)	127,668	124,936
	528,983	400,721
	\$ 1,688,259	\$ 1,523,628

Approved on behalf of the board
Bekah Callaghan
 _____ Director

A. Rogan
 _____ Director

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Revenues		
Childcare (Note 8)	\$ 1,494,084	\$ 1,252,187
Pool	171,765	173,378
Markets	169,545	121,738
Community Connections (Note 8)	151,029	157,822
Facility rentals	108,533	51,216
Community programs	48,125	34,309
Casino and Pull Ticket	15,281	30,309
	<u>2,158,362</u>	<u>1,820,959</u>
Expenditures		
Workforce compensation (Note 8)	1,729,868	1,634,417
Program delivery (Note 8)	150,063	130,735
Occupancy	120,419	104,463
Software and technology (Note 8)	31,663	28,748
Administration (Note 8)	11,908	10,106
	<u>2,043,921</u>	<u>1,908,469</u>
Excess (deficiency) of revenues over expenditures before other income (expenditures)	<u>114,441</u>	<u>(87,510)</u>
Other income (expenditures)		
Amortization	18,281	(25,476)
Donations (Note 8)	11,262	6,698
Interest earned	5,646	1,688
Grants - other	-	154,237
Professional fees	(21,368)	(26,221)
	<u>13,821</u>	<u>110,926</u>
Excess of revenue over expenditures	<u>\$ 128,262</u>	<u>\$ 23,416</u>

The accompanying notes are an integral part of the financial statements

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Unrestricted 2022	Internally restricted funds 2022 (Note 7)	Invested in Capital Assets 2022	Total 2022	Total 2021
Balance, beginning of year	\$ 214,854	\$ 124,936	\$ 60,931	\$ 400,721	\$ 377,305
Excess of revenue over expenditures	109,981	-	18,281	128,262	23,416
Interfund transfers (Note 7)	(12,008)	2,732	9,276	-	-
Balance, ending of year	<u>\$ 312,827</u>	<u>\$ 127,668</u>	<u>\$ 88,488</u>	<u>\$ 528,983</u>	<u>\$ 400,721</u>

The accompanying notes are an integral part of the financial statements

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 128,262	\$ 23,416
Adjustments for		
Amortization	(18,281)	25,476
Change in non-cash working capital items		
Accounts receivable	(58,000)	3,648
Prepaid expenses	3,890	1,137
Accounts payable and accrued liabilities	(20,112)	(15,523)
Deferred revenue	35,151	(19,832)
	70,910	18,322
Cash flows from investing activities		
Purchase of capital assets	(105,228)	(11,510)
Proceeds on disposal of capital assets	1,500	-
Disposal of investment	112,702	111,014
Purchase of investment	(115,000)	(112,702)
	(106,026)	(13,198)
Cash flows from financing activities		
Proceeds from deferred capital contributions	94,452	8,074
	59,336	13,198
Increase (decrease) in cash	59,336	13,198
Cash, beginning of year	359,899	346,701
Cash, end of year	\$ 419,235	\$ 359,899
Cash consists of:		
Restricted (Note 5)	\$ 123,239	\$ 88,088
Unrestricted	295,996	271,811
	\$ 419,235	\$ 359,899

The accompanying notes are an integral part of the financial statements

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. Nature of operations

Hillhurst-Sunnyside Community Association (the "Association") was registered under the Societies Act of Alberta on July 13, 1948 as a not-for-profit association.

The Association was registered as a charity on August 1, 1980 and is exempt from income tax under paragraph 149 (1) (f) of the Income Tax Act.

The Association was organized to preserve and enhance a healthy and vibrant quality of life for the residents of Hillhurst-Sunnyside.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash

Cash is defined as cash on hand and cash on deposit, net of cheque's issued and outstanding at year-end.

(b) Deferred revenue

Deferred revenue represents donations, grants and program fees received in advance, intended for use with specific programs in the future.

(c) Revenue recognition

The Association follows the deferral method of accounting for contributions which includes grants and donations. Contributions for capital assets are included as deferred capital contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related capital assets.

Restricted contributions are recognized as revenue in the year in which the related expenditures are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental revenue is recognized on completion of the period it relates to.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. Significant accounting policies, continued

(d) Financial instruments

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

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short-term investments, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association has not designated any financial asset or financial liability to be measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(e) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Building	20 years
Leasehold improvements	20 years
Office equipment	8 years
Land improvements	20 years
Hall equipment	10 years
Child care equipment	5 and 10 years

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. **Significant accounting policies, continued**

(f) **Measurement uncertainty**

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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: useful lives of capital assets, accrued liabilities and deferred capital contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

(g) **Donated material and services**

Contributed services and donated items are recognized in the financial statements when their fair value can be reasonably determined, when the services are used in the normal course of the Association's operations and would otherwise have been purchased.

A number of volunteers have made significant contributions of their time to the Association. The value of this contributed time is not reflected in these financial statements.

3. **Investments**

Investments include a Guaranteed Investment Certificate ("GIC") agreement with Servus Credit Union for the amount of \$115,000 (2021 - \$112,702). The GIC bears interest at the rate of 4.75% per annum. The GIC matures May 14, 2024.

4. **Capital assets**

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Building	\$ 2,091,463	\$ 1,282,252	\$ 809,211	\$ 802,247
Leasehold improvements	264,526	144,370	120,156	113,533
Land improvements	40,400	563	39,837	-
Office equipment	226,940	196,847	30,093	31,160
Hall equipment	387,664	369,672	17,992	18,936
Child care equipment	51,323	50,175	1,148	3,674
	\$ 3,062,316	\$ 2,043,879	\$ 1,018,437	\$ 969,550

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. **Deferred revenue**

	2022	2021
Designated Grants and Donations		
Casino	\$ 50,903	\$ 13,521
Community Facility Enhancement Grant	11,657	5,456
City of Calgary Grants	10,002	3,430
Sustainable Food Programs	8,387	15,307
Heritage Project	5,000	14,500
Community Projects	4,170	4,280
Security Deposits	900	1,200
Pull Ticket	704	1,237
Provincial Government: Childcare grants	-	15,994
	91,723	74,925
Programs Paid in Advance		
Facility Rentals	23,294	9,917
Parking	4,620	1,260
Memberships	3,602	1,986
	31,516	13,163
	\$ 123,239	\$ 88,088

6. **Deferred capital contributions**

	2022	2021
Balance carried forward from the previous year	\$ 908,619	\$ 944,784
Contributions during the year	94,452	8,074
Deferred capital contribution amortization	(73,122)	(44,239)
	\$ 929,949	\$ 908,619

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

7. Internally restricted net assets and interfund transfers

Internally restricted net assets are made up of the following:

	2022	2021
Emergency funds	\$ 115,000	\$ 112,702
Kensington Community Garden	7,380	7,265
Hillhurst-Sunnyside Community Garden	5,288	4,969
	\$ 127,668	\$ 124,936

During the year, \$2,298 was transferred from the unrestricted funds to the internally restricted funds for investments restricted as emergency funds and \$434 was moved from unrestricted funds to internally restricted funds for the community gardens.

Also during the year, \$9,276 was transferred from the unrestricted fund to the capital fund for capital purchases.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

8. **Family and Community Support Services**

	2022	2021
Family and Community Support Services revenue ("FCSS") is made up of the following:		
FCSS grant	\$ 151,029	\$ 151,029
HSCA general revenue	10,659	6,619
Donations	565	3,183
FCSS carryover	-	4,545
	\$ 162,253	\$ 165,376

Family and Community Support Services expenditures is made up of the following:

Personnel		
Workforce compensation	\$ 107,597	\$ 118,036
Overhead expense	36,370	25,725
Inter-program personnel expense	11,770	5,350
Professional fees	-	6,450
	155,737	155,561
Materials & Supplies		
Program delivery	4,414	8,294
Program food	1,063	951
	5,477	9,245
Other		
Office supplies	551	92
Software and IT costs	488	478
	1,039	570
	\$ 162,253	\$ 165,376

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

9. Charitable Fundraising Act of Alberta

Gross contributions received in 2022 were \$1,071,239 (2021 - \$1,199,546). This includes \$23,176 in contributions solicited from individuals (2021 - \$1,546) and \$1,048,063 from grants and payments from government and government agencies (2021 - \$1,198,000).

Dispositions of contributions equal to or exceeding 10% of the gross contributions for the 12-month period ended December 31, 2022 were \$151,029 from Family and Community Support Services (2021 - \$155,574) and \$769,219 in childcare related grants (2021 - \$364,164).

Gross contributions received were used in accordance with the internal and external restrictions imposed by the donor's request and the Association's disbursement policies.

All expenditures incurred, directly and indirectly, for the purpose of soliciting contributions were \$nil (2021 - \$nil). No remuneration was paid for fundraising activities.

10. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

11. Financial instruments

The Association is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Association's exposure to these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to its accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its Investments.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

11. Financial instruments, continued

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial statements.