

MAYFAIR BEL-AIRE COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS

(Audited)

SEPTEMBER 30, 2018

MBD LLP

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of **Mayfair Bel-Aire Community Association**:

Qualified Opinion

We have audited the financial statements of **Mayfair Bel-Aire Community Association** (the Association), which comprise the balance sheet as at **September 30, 2018**, 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 possible effects of the matter described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at **September 30, 2018**, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPOs).

Basis for Qualified Opinion

Consistent with many charitable organizations, the Association derives revenue from events and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the revenues was limited to the amounts recorded in the records of the Association and we were unable to satisfy ourselves by alternative means concerning such donations for the year ended **September 30, 2018**. Since donations enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the years reported in the statement of operations and the net cash flows from operating activities reported in the statement of cash flows.

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 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 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.
- 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.

April 3, 2019
Calgary, Alberta

MBD LLP
Chartered Professional Accountants

MAYFAIR BEL-AIRE COMMUNITY ASSOCIATION

BALANCE SHEET

(Audited)

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,459	\$ 1,616
Externally restricted assets (Note 4)	-	15,018
Short term investments (Note 3)	15,000	15,000
Accounts receivable	-	37
Prepaid expenses	<u>423</u>	<u>369</u>
	<u>\$ 23,882</u>	<u>\$ 32,040</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,700	\$ 3,382
Deferred revenue	<u>2,900</u>	<u>15,018</u>
	4,600	18,400
Net assets:		
Unrestricted	<u>19,282</u>	<u>13,640</u>
	<u>\$ 23,882</u>	<u>\$ 32,040</u>

Approved by the Board:

Director: _____

Director: _____

MAYFAIR BEL-AIRE COMMUNITY ASSOCIATION

STATEMENT OF OPERATIONS

(Audited)

	Year Ended	
	September 30,	
	<u>2018</u>	<u>2017</u>
Revenue		
Casino contributions (Note 5)	\$ 15,018	\$ 11,318
Donation	1,500	11,000
Grants (Note 6)	793	13,592
Interest income	75	57
Memberships	11,700	10,967
Miscellaneous	-	750
Neighbours event	-	3,735
	<u>29,086</u>	<u>51,419</u>
Expenses		
Community development	85	73,024
Insurance	1,959	1,781
Interest and bank charges	76	225
Memberships and licenses	73	394
Neighbours event	-	4,735
Newsletter	-	765
Office expenses	204	161
Other community events	6,332	7,566
Professional fees	4,422	4,383
Repairs and maintenance	6,174	3,010
Utilities – Lighting for walkway and skating rink	1,386	1,013
Tennis courts	-	551
Website	2,733	2,413
	<u>23,444</u>	<u>100,021</u>
Surplus (deficit) for the year	<u>\$ 5,642</u>	<u>\$ (48,602)</u>

MAYFAIR BEL-AIRE COMMUNITY ASSOCIATION

STATEMENT OF CHANGES IN NET ASSETS

(Audited)

	Year Ended	
	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 13,640	\$ 62,242
Surplus (deficit) for the year	<u>5,642</u>	<u>(48,602)</u>
Balance, end of year	<u>\$ 19,282</u>	<u>\$ 13,640</u>

MAYFAIR BEL-AIRE COMMUNITY ASSOCIATION

STATEMENT OF CASH FLOWS

(Audited)

	Year Ended September 30	
	<u>2018</u>	<u>2017</u>
Cash flows provided from operating:		
Surplus (deficit)	\$ 5,642	\$ (48,602)
Changes in non-cash operating working capital		
Accounts receivable	37	37,758
Goods and services tax receivable	-	1,753
Prepaid expenses	(54)	(1)
Accounts payable and accrued liabilities	<u>(1,682)</u>	<u>482</u>
Net increase in working capital	<u>3,943</u>	<u>(8,610)</u>
Cash Flows from Financing Activities		
Use of deferred cash contributions	<u>(12,118)</u>	<u>(8,668)</u>
	<u>(12,118)</u>	<u>(8,668)</u>
Cash Flows from Investing Activities		
Purchase of short term investments	-	(25,000)
Disposal of short term investments	10,112	31,340
Reinvestment of interest	<u>-</u>	<u>(80)</u>
	<u>10,112</u>	<u>6,260</u>
Increase (decrease) in Cash	1,937	(11,018)
Cash and cash equivalents, beginning of year	<u>6,522</u>	<u>17,540</u>
Cash and cash equivalents, end of year	<u>\$ 8,459</u>	<u>\$ 6,522</u>
Cash consists of the following		
Unrestricted cash	\$ 8,459	\$ 1,616
Externally restricted cash	<u>-</u>	<u>4,906</u>
Cash and short term deposits, end of year	<u>\$ 8,459</u>	<u>\$ 6,522</u>

MAYFAIR BEL-AIRE COMMUNITY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

1. Operations

The Mayfair Bel-Aire Community Association (the “Association”) was incorporated under the Societies Act of Alberta on November 13, 2958 as a not for profit association. It is exempt from income tax under Section 149 (1) of the Income Tax Act.

The Association was formed to promote the recreational, cultural and social activities of its members and community.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

b) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions include donations and interest income. Restricted contributions include casino contributions and grants.

Member fees are recognized as revenue proportionately over the fiscal year to which they relate.

c) Contributed services and goods

Volunteers have made significant contributions of their time to develop and maintain the Association’s programs and facilities. Because of the difficulty in determining the hours and fair value, the contributed services are not recognized in the financial statements.

d) Capital assets

The Association, under ASNPO, has opted to not capitalize purchases of a capital nature. During the year \$85 was expended on the Mayfair Mel-Aire Recreation Lane Project (2017 - \$73,024), which could be considered capital in nature.

2. Significant Accounting Policies (continued)

e) Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash, externally restricted assets, short term investments and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

3. Short Term Investments

GIC, 0.5%, cashable, maturing April 2019	15,000
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4. Externally Restricted Assets

	<u>2018</u>	<u>2017</u>
Casino funds held in general account	\$ -	\$ 4,906
Short term investments in GIC	-	10,080
Accrued interest receivable on restricted GICs	<u>-</u>	<u>32</u>
Restricted casino funds	<u>\$ -</u>	<u>\$ 15,018</u>

5. Casino Contributions

	<u>2018</u>	<u>2017</u>
Beginning casino funds balance	\$ 15,018	\$ 26,277
Interest Income	-	62
Bank charges	-	(3)
Laneway project expenses	<u>(15,018)</u>	<u>(11,318)</u>
Ending casino funds balance	<u>\$ -</u>	<u>\$ 15,018</u>

6. Financial Instruments

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk at the reporting date:

Liquidity risk

Liquidity risk is the risk of being unable to meet obligations as they become due. The Association is exposed to liquidity risk with respect to the financial liabilities.

Other risks

It is management's opinion that the Association is not exposed to any other significant interest, currency, market or credit risks arising from its financial instruments.