

MONTGOMERY COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS (Audited)

August 31, 2021

a member of

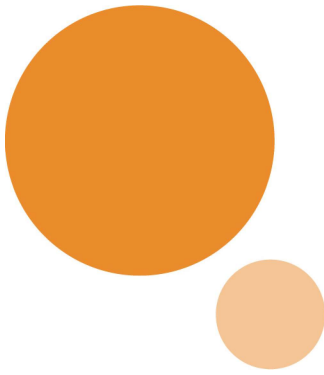


MONTGOMERY COMMUNITY ASSOCIATION

August 31, 2021

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Anthony Chiu

Chartered Professional Accountant

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Independent Auditor's Report

To the Members of
Montgomery Community Association

Qualified Opinion

I have audited the financial statements of the Montgomery Community Association (the "Association"), which comprise the Statement of Financial Position as at August 31, 2021, and the Statements of Operations, Changes in Fund Balances, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2021, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising 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, I was not able to determine whether any adjustments might be necessary to fundraising revenue, decrease in fund balances, and cash flows from operations for the year ended August 31, 2021, current assets as at August 31, 2021, and fund balances as at September 1, 2020 and August 31, 2021. The predecessor auditor's opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, 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 qualified audit opinion.

Other Matter

The financial statements for the year ended August 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on February 5, 2021 for reasons described in the Basis for Qualified Opinion section.

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 Canadian accounting standards for not-for-profit organizations, 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Calgary, Alberta
February 15, 2022

Anthony Chiu
Chartered Professional Accountant

MONTGOMERY COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION

(Audited)

As at August 31, 2021

	General 2021	Casino 2021	Total 2021	Total 2020 (Restated)
ASSETS				
Current				
Cash and cash equivalents	\$ 24,175	\$ -	\$ 24,175	\$ 75,469
Externally restricted cash (Note 3)	72,940	39,450	112,390	204,144
Accounts receivable	13,705	-	13,705	9,440
Goods and Services Tax receivable	1,499	-	1,499	-
Prepaid expenses	2,193	-	2,193	1,994
	114,512	39,450	153,962	291,047
Capital Assets (Note 4)	623,842	-	623,842	342,190
	\$ 738,354	\$ 39,450	\$ 777,804	\$ 633,237

LIABILITIES AND FUND BALANCES

Current Liabilities				
Accounts payable and accrued liabilities	\$ 15,057	\$ -	\$ 15,057	\$ 12,519
Deferred revenues	4,924	-	4,924	1,763
Deferred cash contributions (Note 3)	72,940	39,450	112,390	204,144
	92,921	39,450	132,371	218,426
Deferred Capital Contributions (Note 5)	595,584	-	595,584	332,319
	688,505	39,450	727,955	550,745
Fund Balances				
General	49,849	-	49,849	82,492
Casino	-	-	-	-
	49,849	-	49,849	82,492
	\$ 738,354	\$ 39,450	\$ 777,804	\$ 633,237

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

MONTGOMERY COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN FUND BALANCES
(Audited)

For the Year Ended August 31, 2021

	General 2021	Casino 2021	2021	2020 (Restated)
Balances, beginning of the year	\$ 84,254	\$ 56,919	\$ 141,173	\$ 117,739
Prior period adjustments (Note 10)	<u>(1,762)</u>	<u>(56,919)</u>	<u>(58,681)</u>	<u>(4,947)</u>
Beginning balances as restated	82,492	-	82,492	112,792
Decrease in fund balances	<u>(32,643)</u>	-	<u>(32,643)</u>	<u>(30,300)</u>
Balances, end of the year	<u><u>\$ 49,849</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,849</u></u>	<u><u>\$ 82,492</u></u>

See Notes to the Financial Statements

MONTGOMERY COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended August 31, 2021

	General 2021	Casino 2021	Total 2021	Total 2020 (Restated)
REVENUES				
Grant contributions (Note 7)	\$ 76,559	\$ -	\$ 76,559	\$ 23,367
Rentals	26,847	-	26,847	41,600
Program	9,063	-	9,063	12,786
Memberships	2,153	-	2,153	2,678
Donations	750	-	750	500
Interest Income	656	-	656	5,700
Miscellaneous	-	-	-	770
	116,028	-	116,028	87,401
EXPENSES				
Salaries and wages	101,837	-	101,837	80,890
Administrative	4,818	7,262	12,080	4,713
Program	10,115	769	10,884	3,140
Repair and maintenance	9,318	1,255	10,573	12,234
Utilities	4,318	5,178	9,496	12,862
Insurance	5,984	2,414	8,398	6,548
Professional fees	7,625	-	7,625	6,300
Membership and licenses	1,088	313	1,401	569
Advertising	760	446	1,206	1,709
Donations	-	-	-	2,500
	145,863	17,637	163,500	131,465
DECREASE BEFORE CASINO AND AMORTIZATION	(29,835)	(17,637)	(47,472)	(44,064)
Plus: Contributions from Casino (Note 6)	-	17,637	17,637	15,289
DECREASE BEFORE AMORTIZATION	(29,835)	-	(29,835)	(28,775)
Plus: Amortization of deferred capital contributions (Note 5)	45,556	-	45,556	26,061
Less: Amortization expense	(48,364)	-	(48,364)	(27,586)
DECREASE IN FUND BALANCES	\$ (32,643)	\$ -	\$ (32,643)	\$ (30,300)

See Notes to the Financial Statements

MONTGOMERY COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended August 31, 2021

	2021	2020 (Restated)
Cash generated from (used in):		
OPERATING ACTIVITIES:		
Decrease in fund balances	\$ (32,643)	\$ (30,300)
Charges not requiring cash outlay:		
Amortization expense	48,364	27,586
Amortization of deferred capital contributions	(45,556)	(26,061)
Changes in non-cash operating working capital:		
Accounts receivable	(5,764)	(9,440)
Prepaid expense	(199)	(518)
Accounts payable	2,538	(5,336)
Deferred revenue	3,161	1,763
	(30,099)	(42,306)
INVESTING ACTIVITIES		
Building renovations	(320,814)	(93,351)
Purchase of furniture and equipment	(9,202)	-
Purchase of computer equipment	-	(4,089)
	(330,016)	(97,440)
FINANCING ACTIVITIES		
Used of deferred cash contributions	(91,754)	(41,380)
Restricted funds used to purchase of capital assets	308,821	93,351
	217,067	51,971
DECREASE IN CASH AND CASH EQUIVALENTS	(143,048)	(87,775)
Cash and cash equivalents, beginning of the year	279,613	367,388
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 136,565	\$ 279,613
Cash and Cash Equivalents Consisting of:		
Cash and cash equivalents, general	\$ 24,175	\$ 75,469
Cash and cash equivalents, externally restricted	72,940	147,225
Cash and cash equivalents, casino	39,450	56,919
	\$ 136,565	\$ 279,613

See Notes to the Financial Statements

MONTGOMERY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

August 31, 2021

1. GENERAL

The Montgomery Community Association (the "Association") was incorporated under the Societies Act of Alberta on January 2, 1964 as a not for profit organization. It is exempt from income tax under section 149 of the Canadian Income Tax Act.

The Association was established to serve the recreational and social needs of its members and community.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Fund Accounting

The Association follows the fund accounting method and uses the following funds:

General Fund, which includes general operating assets, liabilities, revenues, expenses, and amounts invested in capital assets related to the operations, program delivery and administration of the Association.

Casino Fund, which includes casino assets, liabilities, revenues and expenses.

Revenue Recognition

The Association follows the deferral method of accounting for externally restricted contributions.

Externally restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenditures are incurred. Externally restricted contributions spent on the purchase of capital assets are recorded as deferred capital contributions, which will be amortized to income on the same basis as the related capital asset are amortized and expensed.

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.

Operating revenue and expenses are recorded on the accrual basis.

MONTGOMERY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

August 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Capital Assets

Capital assets are recorded at cost. Amortization is calculated using the straight-line method over the asset's estimated useful lives as follows:

Building renovations	5%
Furniture and equipment	10%
Computer equipment	20%

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

Financial Instruments

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association 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 increase (decrease) in fund balances.

Financial instruments measured at amortized cost include cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities.

Financial Risk

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

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 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.

Estimates and assumptions include the collectability of receivables, the useful life of capital assets, and the amounts recorded as accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant

MONTGOMERY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

August 31, 2021

3. EXTERNALLY RESTRICTED CASH / DEFERRED CASH CONTRIBUTIONS

Casino cash balance is externally restricted by the Alberta Gaming Commission and can only be used for approved expenses.

The Community Facility Enhancement Program ("CFEP") grant is externally restricted by the grantor and can only be used for approved capital purchases.

	<u>2021</u>	<u>2020</u>
Casino bank balance	\$ 20,910	\$ 56,919
Casino fund held in general bank account	18,540	-
Total restricted Casino cash (Note 6)	<u>39,450</u>	56,919
CFEP grant held in general bank account (Note 7)	72,940	147,225
	<u>\$ 112,390</u>	<u>\$ 204,144</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2021</u>	<u>Net 2020</u>
Building renovations	\$ 925,959	\$ 313,835	\$ 612,124	\$ 337,608
Furniture and equipment	31,861	22,596	9,265	1,311
Computer equipment	4,089	1,636	2,453	3,271
	<u>\$ 961,909</u>	<u>\$ 338,067</u>	<u>\$ 623,842</u>	<u>\$ 342,190</u>

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent funding or donations received to assist in the purchase of capital assets and are being amortized to income on the same basis as the related capital is amortized and expenses.

	<u>2021</u>	<u>2020</u>
Balance from prior year	\$ 332,319	\$ 265,028
Contribution from CFEP (Note 7)	93,896	73,741
Contribution from CCG (Note 7)	214,925	19,611
Less: Amortization	(45,556)	(26,061)
Balance to next year	<u>\$ 595,584</u>	<u>\$ 332,319</u>

MONTGOMERY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

August 31, 2021

6. CONTRIBUTIONS FROM CASINO

	<u>2021</u>	<u>2020</u>
Opening Casino balance	\$ 56,919	\$ 4,947
Casino proceeds received	-	67,261
Interest earned	168	-
Ending Casino balance (Note 3)	<u>(39,450)</u>	<u>(56,919)</u>
Contributions from Casino	<u>\$ 17,637</u>	<u>\$ 15,289</u>

7. GRANT CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
Capital Conservation Grant ("CCG") - City of Calgary		
Received	\$ 234,536	\$ -
Spent on capital assets (Note 5)	(214,925)	(19,611)
Transfer from (to) CFEP	<u>(19,611)</u>	<u>19,611</u>
Carried forward	<u>\$ -</u>	<u>\$ -</u>

**Community Facility Enhancement Program ("CFEP")
- Province of Alberta**

Received	\$ 147,225	\$ 240,577
Spent on capital asset (Note 5)	(93,896)	(73,741)
Transfer from (to) CCG	<u>19,611</u>	<u>(19,611)</u>
Carried forward (Note 3)	<u>\$ 72,940</u>	<u>\$ 147,225</u>

Operation Grants

Canada Emergency Wage Subsidy - Government of Canada	\$ 41,771	\$ 20,594
Covid-19 Relief Fund - City of Calgary	25,786	2,473
Summer Student Grant - Government of Canada	4,632	-
Embrace the Outdoors Grant - City of Calgary	3,050	-
Small and Medium Enterprise Relaunch Grant - Province of Alberta	1,320	-
Community Clean Grant - City of Calgary	-	300
Spent on operations	<u>\$ 76,559</u>	<u>\$ 23,367</u>

MONTGOMERY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

August 31, 2021

8. LEASE

The Association entered into a land lease agreement with the City of Calgary - Corporate Properties for an initial term of 15 years commencing on January 1, 2013 and expiring on December 31, 2027 for a nominal fee of \$10 per annual.

The Association entered into a hall and community garden lease agreement with the City of Calgary - Corporate Properties for an initial term of 12 years commencing on January 1, 2016 and expiring on December 31, 2027 for a nominal fee of \$10 per annual.

9. CONTRIBUTED GOODS AND SERVICES

Contributed services and donated items are recognized in the financial statements when the fair value can reasonably be estimated, when the services are used in the normal course of the Association's operations and when they otherwise would have been purchased. During the year \$nil donated goods and services were recorded in the financial statements.

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

10. PRIOR PERIOD ADJUSTMENT

During the year, it was noted that capital assets and deferred capital contributions were not set up properly for both 2019 and 2020, Casino revenue recognized at 2019 and 2020 were not consistent with deferral method, and deferred membership revenue was not recorded in prior year. Prior period adjustments have been made to reflect the correction with the following effects to the comparative figures:

2019:

- Increase to capital assets of \$177,495.
- Increase to deferred capital contributions of \$177,495.
- Increase to deferred cash contributions of \$4,947.
- Decrease to casino fund of \$4,947.

2020:

- Increase to capital assets of \$93,352.
- Increase to deferred capital contributions of \$93,352.
- Increase to amortization expense of \$11,833.
- Increase to amortization revenue from deferred capital contributions of \$11,833.
- Increase to deferred membership revenue of \$1,762.
- Decrease to membership revenue of \$1,762.
- Increase to deferred cash contributions of \$56,919.
- Decrease to casino fund of \$56,919.

MONTGOMERY COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

August 31, 2021

11. SUBSEQUENT EVENT

The global Covid-19 pandemic has disrupted economic activities and supply chains since March 2020. Although the disruption from the virus is expected to be temporary, there is still uncertainty at the end of the 2021 fiscal year. The duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Association's ability to continue to serve its members is dependent on the continued ability to generate revenue, manage expenses, and receive grants and subsidies.

12. COMPARATIVE FIGURES

The prior period figures, which were audited by another Chartered Professional Accountant, have been reclassified to conform with the current year presentation.