

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
TABLE OF CONTENTS
DECEMBER 31, 2021

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes In Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Statement of Operations by Program	15

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, 2021, 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, 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 (ASNPO).

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, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2021, current assets and net assets as at December 31, 2021. 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.
- 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.

INDEPENDENT AUDITOR'S REPORT, continued

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
APRIL 19, 2022**

**CHARTERED PROFESSIONAL
ACCOUNTANTS**


HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	2021	2020
Assets		
Current		
Cash	\$ 359,899	\$ 346,701
Accounts receivable	61,697	65,345
Short-term investments (Note 3)	112,702	111,014
Prepaid expenses	19,780	20,917
	554,078	543,977
Capital Assets (Note 4)	969,550	1,027,755
	\$ 1,523,628	\$ 1,571,732
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 126,200	\$ 141,723
Deposits	1,200	2,250
Deferred revenue (Note 5)	86,888	105,670
	214,288	249,643
Deferred Capital Contributions (Note 6)	908,619	944,784
	1,122,907	1,194,427
Net Assets		
Unrestricted	214,854	243,799
Invested in capital assets	60,931	82,971
Internally restricted (Note 7)	124,936	50,535
	400,721	377,305
	\$ 1,523,628	\$ 1,571,732

Government subsidies (Note 9)

Impact of COVID-19 (Note 11)

Approved on behalf of the board


David Fanstone (Apr 20, 2022 09:58 MDT) Director

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Revenues		
Childcare program fees	\$ 908,501	\$ 326,750
Provincial childcare grants	364,164	525,521
Rental fees	223,094	334,804
Municipal grant - community connections (Note 8)	157,822	144,236
Other program fees	133,724	80,288
Grants - programs	20,797	9,841
	<u>1,808,102</u>	<u>1,421,440</u>
Expenditures		
Workforce compensation	1,634,417	1,392,324
Maintenance and utilities	89,701	83,989
Program delivery	84,337	32,634
Program food	66,875	37,837
Software and IT costs	28,748	38,775
Insurance	14,762	13,991
Advertising and promotion	4,327	2,173
Office supplies	2,270	5,281
Licenses and memberships	2,184	1,001
Interest and bank charges	1,327	1,633
	<u>1,928,948</u>	<u>1,609,638</u>
Deficiency of revenues over expenditures before other income (expenditures)	<u>(120,846)</u>	<u>(188,198)</u>
Other income (expenditures)		
Federal grants (Note 9)	85,792	360,581
Municipal grants (Note 9)	60,015	35,068
Deferred capital contribution amortization (Note 6)	44,239	86,051
Provincial grants (Note 9)	42,137	46,229
Donations	6,297	6,611
Interest earned	1,718	1,099
Goodwill impairment loss	-	(99,000)
Professional fees	(26,221)	(19,114)
Amortization of capital assets	(69,715)	(102,394)
	<u>144,262</u>	<u>315,131</u>
Excess of revenue over expenditures	<u>\$ 23,416</u>	<u>\$ 126,933</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, 2021

	Unrestricted 2021	Internally restricted funds 2021 (Note 7)	Invested in Capital Assets 2021	Total 2021	Total 2020
Balance, beginning of year	\$ 282,088	\$ 12,246	\$ 82,971	\$ 377,305	\$ 334,904
Prior period adjustment	-	-	-	-	(84,532)
Balance, restated	282,088	12,246	82,971	377,305	250,372
Excess (deficiency) of revenue over expenditures	48,892	-	(25,476)	23,416	126,933
Interfund transfers (Note 7)	(116,126)	112,690	3,436	-	-
Balance, ending of year	\$ 214,854	\$ 124,936	\$ 60,931	\$ 400,721	\$ 377,305

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, 2021

	2021	2020
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 23,416	\$ 126,933
Adjustments for		
Amortization of capital assets	69,715	102,394
Amortization of deferred capital contributions	(44,239)	(86,051)
Writeoff of goodwill	-	99,000
	48,892	242,276
 Change in non-cash working capital items		
Accounts receivable	3,648	20,915
Prepaid expenses	1,137	(7,265)
Accounts payable and accrued liabilities	(15,523)	40,843
Deposits	(1,050)	(2,300)
Deferred revenue	(18,782)	(205,467)
	18,322	89,002
 Cash flows from investing activities		
Purchase of capital assets	(11,510)	(14,653)
Interest earned on short term investments	(1,688)	(1,259)
	(13,198)	(15,912)
 Cash flows from financing activities		
Proceeds from deferred capital contributions	8,074	5,638
	8,074	5,638
 Increase (decrease) in cash	13,198	78,728
 Cash, beginning of year	346,701	267,973
 Cash, end of year	\$ 359,899	\$ 346,701
 Cash consists of:		
Restricted	\$ 15,258	\$ 33,815
Unrestricted	344,641	312,886
	\$ 359,899	\$ 346,701

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, 2021

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 represent donations and grants received in advance, intended for use with specific programs in the subsequent fiscal year.

(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, 2021

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) Government assistance

Government assistance includes subsidies associated with the COVID-19 pandemic support initiatives, and is recognized when there is reasonable assurance that the assistance will be received.

Government assistance related to an expenditure item is recognized as other income in the period in which the subsidy is approved.

Government assistance recorded in current and prior periods is subject to government review, which could result in future adjustments to income.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. Significant accounting policies, continued

(f) 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
Hall equipment	10 years
Child care equipment	5 and 10 years

(g) 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 and deferred capital contributions. Actual results may differ from management's best estimates as additional information becomes available in the future.

(h) 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. Short-term investments

Short-term investments include a Guaranteed Investment Certificate ("GIC") agreement with BMO for the amount of \$112,702 (2020 - \$111,014). The GIC bears interest at the rate of 1.5% per annum. The GIC matures October 11, 2024.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

4. **Capital assets**

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Building	\$ 2,038,414	\$ 1,236,167	\$ 802,247	\$ 848,330
Leasehold improvements	253,840	140,307	113,533	117,329
Office equipment	230,350	199,190	31,160	42,768
Hall equipment	387,664	368,728	18,936	13,128
Child care equipment	51,323	47,649	3,674	6,200
	<u>\$ 2,961,591</u>	<u>\$ 1,992,041</u>	<u>\$ 969,550</u>	<u>\$ 1,027,755</u>

5. **Deferred revenue**

	2021	2020
Heritage project	\$ 14,500	\$ 20,000
AGLC - Casino	13,521	31,247
Childcare - COVID-19 grant	12,976	-
Market greens	11,308	10,000
Gym rentals	9,917	3,050
Facility enhance	5,457	13,747
Fresh food basket	3,929	4,253
Lead projects	4,279	2,905
Winter grant	3,430	-
CC Retention and recovery	2,290	-
Advanced membership fees	1,986	5,857
Pull ticket	1,237	2,069
Parking	1,260	-
Restriction exemption	728	-
Good food box	70	320
FCSS	-	6,793
Neighbours grant	-	4,000
Farmers market	-	1,429
	<u>\$ 86,888</u>	<u>\$ 105,670</u>

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. Deferred capital contributions

	2021	2020
Balance carried forward from the previous year	\$ 944,784	\$ 1,025,197
Contributions during the year	8,074	5,638
Deferred capital contribution amortization	(44,239)	(86,051)
	\$ 908,619	\$ 944,784

7. Internally restricted and interfund transfers

Internally restricted net assets are made up of the following:

	2021	2020
Emergency funds	\$ 112,702	\$ 38,289
Kensington Community Garden	7,265	7,477
Hillhurst-Sunnyside Community Garden	4,969	4,769
	\$ 124,936	\$ 50,535

During the year, \$112,702 was transferred from the unrestricted funds to the internally restricted funds for short-term investments restricted as emergency funds and \$12 was moved from internally restricted funds to unrestricted funds for the community gardens.

Also during the year, \$3,436 was transferred from the unrestricted fund to the capital fund for capital purchases.

8. Family and community support services

Family and community support service revenue is made up of the following

	2021
2021 FCSS grant	\$ 151,029
2020 FCSS carryover	4,545
HSCA general revenue	2,248
	\$ 157,822

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. Government assistance

In an attempt to mitigate the impact of the COVID-19 pandemic, the Canadian government has introduced several grants and subsidies. The Association has taken advantage of the Canada Emergency Wage Subsidy, which relate to wage assistance for Canadian companies and not-for-profit entities experiencing decreases in revenues as a result of the pandemic. The Association also received subsidies from the province of Alberta and the City of Calgary to assist with COVID-19 relief. These subsidies have been recorded in the Statement of Operations for the year.

	2021	2020
Canada Emergency Wage Subsidy	\$ 85,792	\$ 360,581
City of Calgary COVID-19 Subsidy	53,445	25,172
Provincial COVID-19 Subsidy	11,082	97,272
	\$ 150,319	\$ 483,025

10. 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 Guaranteed Investment Certificate.

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

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11. COVID-19 impact

In fiscal 2021, the Association was impacted by the COVID-19 pandemic due to the impact on crowd restrictions. However, the future impact of the pandemic, if any, cannot be reasonably determined at the time of the release of these financial statements.

12. 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.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2021

	Childcare	Community Programs	Markets	Operations	Rentals	Connections (FCCS)	2021	2020
Revenue								
Childcare program fees	\$ 908,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 908,501	\$ 326,750
Provincial childcare grants	364,164	-	-	-	-	-	364,164	525,521
Rental fees	-	-	-	2,271	220,823	-	223,094	334,804
Municipal grant - community connections (Note 8)	-	-	-	-	-	157,822	157,822	144,236
Other program fees	-	13,257	115,913	4,554	-	-	133,724	80,288
Grants - programs	-	19,297	-	-	1,500	-	20,797	9,841
	<u>1,272,665</u>	<u>32,554</u>	<u>115,913</u>	<u>6,825</u>	<u>222,323</u>	<u>157,822</u>	<u>1,808,102</u>	<u>1,421,440</u>

The accompanying notes are an integral part of the financial statements

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2021

	Childcare	Community Programs	Markets	Operations	Rentals	Connections (FCCS)	2021	2020
Expenditures								
Workforce compensation	942,134	42,596	55,716	363,776	112,159	118,036	1,634,417	1,392,324
Maintenance and utilities	1,541	286	-	86,131	1,743	-	89,701	83,989
Program delivery	28,451	15,596	1,942	6,222	23,832	8,294	84,337	32,634
Program food	-	18,489	-	47,435	-	951	66,875	37,837
Software and IT costs	2,124	-	35	25,883	228	478	28,748	38,775
Insurance	-	65	-	14,697	-	-	14,762	13,991
Advertising and promotion	-	1,952	810	1,565	-	-	4,327	2,173
Office supplies	29	-	24	2,033	92	92	2,270	5,281
Licenses and memberships	412	612	325	585	250	-	2,184	1,001
Interest and bank charges	48	-	-	1,260	19	-	1,327	1,634
	<u>974,739</u>	<u>79,596</u>	<u>58,852</u>	<u>549,587</u>	<u>138,323</u>	<u>127,851</u>	<u>1,928,948</u>	<u>1,609,639</u>
Excess (deficiencies) of revenue over expenditures before other income	297,926	(47,042)	57,061	(542,762)	84,000	29,971	(120,846)	(188,199)

The accompanying notes are an integral part of the financial statements

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2021

	Childcare	Community Programs	Markets	Operations	Rentals	Connections (FCCS)	2021	2020
Other income (expenditures)								
Federal grants	-	-	-	85,792	-	-	85,792	360,581
Municipal grants	-	3,602	-	56,413	-	-	60,015	35,068
Deferred capital contribution amortization (Note 6)	44,239	-	-	-	-	-	44,239	86,051
Provincial grants	1,272	409	-	39,355	1,101	-	42,137	46,229
Donations	-	-	-	3,114	-	3,183	6,297	6,611
Interest earned	-	-	-	1,718	-	-	1,718	1,099
Goodwill impairment loss	-	-	-	-	-	-	-	(99,000)
Professional fees	-	-	-	(19,771)	-	(6,450)	(26,221)	(19,114)
Amortization of capital assets	(69,715)	-	-	-	-	-	(69,715)	(102,394)
	(24,204)	4,011	-	166,621	1,101	(3,267)	144,262	315,131
	<u>\$ 273,722</u>	<u>\$ (43,031)</u>	<u>\$ 57,061</u>	<u>\$ (376,141)</u>	<u>\$ 85,101</u>	<u>\$ 26,704</u>	<u>\$ 23,416</u>	<u>\$ 126,932</u>

The accompanying notes are an integral part of the financial statements