



HIGHLANDS AND DISTRICT COMMUNITY LEAGUE

FINANCIAL STATEMENTS

April 30, 2017



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INDEPENDENT AUDITOR'S REPORT

To the Members of Highlands and District Community League

We have audited the accompanying financial statements of Highlands and District Community League, which comprise the statement of financial position as at April 30, 2017, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenues from donations, fees and sales, the completeness of which is not susceptible to audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization, and we were unable to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenditures, assets or net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Highlands and District Community League as at April 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

The financial statements of Highlands and District Community League for the year ended April 30, 2016 were unaudited. We draw attention to Note 2 to the financial statements, which describes that in prior years, casino revenues were not deferred resulting in a change in accounting policy. This change was applied retrospectively to the comparative information in these financial statements, including the statements of financial position as at April 30, 2016 and May 1, 2015, and the statements of operations, changes in net assets and cash flows for the year ended April 30, 2016 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Edmonton, AB
May 17, 2017


Bergeron & Co. Chartered Professional Accountants

HIGHLANDS AND DISTRICT COMMUNITY LEAGUE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended April 30, 2017

	<u>2017</u>	Restated <u>2016</u> (unaudited)
REVENUE		
Soccer	\$ 27,255	\$ 34,249
Casino	26,446	25,540
Rental income	11,900	12,766
Annual City Grant	10,781	10,640
Program fees	8,571	4,001
Memberships	6,585	3,156
Highland Festival	6,400	9,624
Donations	904	563
Other revenue	<u>745</u>	<u>4,186</u>
	<u>99,587</u>	<u>104,725</u>
EXPENSES		
Program costs	51,104	49,421
Buildings and grounds	15,564	17,417
Utilities	10,278	8,555
Professional fees	5,574	2,098
Insurance	3,941	4,141
Casino expense	2,368	-
Memberships and subscriptions	2,136	690
Office and general	725	557
Advertising and promotion	549	4,848
Travel	213	192
Bank charges	36	375
Interest expense	<u>-</u>	<u>1</u>
	<u>92,488</u>	<u>88,295</u>
EXCESS OF REVENUE OVER EXPENSES	<u>7,099</u>	<u>16,430</u>
OTHER		
Interest income	<u>1,478</u>	<u>2,516</u>
EXCESS OF REVENUE OVER EXPENSES	8,577	18,946
UNRESTRICTED NET ASSETS, beginning of year	<u>173,677</u>	<u>154,731</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 182,254</u>	<u>\$ 173,677</u>

See accompanying Notes to Financial Statements

HIGHLANDS AND DISTRICT COMMUNITY LEAGUE
STATEMENT OF FINANCIAL POSITION
April 30, 2017

	<u>2017</u>	Restated <u>2016</u> (unaudited)
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 160,807	\$ 112,569
Term deposits (Note 3)	235,099	233,467
Accounts receivable (Note 5)	<u>10,120</u>	<u>274</u>
TOTAL ASSETS	\$ <u>406,026</u>	\$ <u>346,310</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,232	\$ 408
Deferred revenues (Note 6)	<u>220,539</u>	<u>172,224</u>
TOTAL LIABILITIES	<u>223,771</u>	<u>172,632</u>
NET ASSETS		
Unrestricted net assets	<u>182,255</u>	<u>173,678</u>
TOTAL LIABILITIES & NET ASSETS	\$ <u>406,026</u>	\$ <u>346,310</u>

Approved by the Directors:

_____, Director

_____, Director

HIGHLANDS AND DISTRICT COMMUNITY LEAGUE
CASH FLOW STATEMENT
For the year ended April 30, 2017

	<u>2017</u>	<u>2016</u> Restated (unaudited)
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 8,577	\$ 18,946
Net change in non-cash working capital balances related to operations		
Trade receivables	(10,000)	-
Interest receivable	153	5,996
Accounts payable and accrued liabilities	2,824	16
Deferred revenues	<u>48,316</u>	<u>(25,540)</u>
	<u>49,870</u>	<u>(582)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,870	(582)
CASH AND CASH EQUIVALENTS, beginning of year	<u>346,036</u>	<u>346,618</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 395,906</u>	<u>\$ 346,036</u>
Cash and cash equivalents consist of:		
Cash	\$ 160,807	\$ 112,569
Term deposits	<u>235,099</u>	<u>233,467</u>
	<u>\$ 395,906</u>	<u>\$ 346,036</u>

HIGHLANDS AND DISTRICT COMMUNITY LEAGUE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

1. PURPOSE OF THE NOT-FOR-PROFIT ORGANIZATION

Highlands and District Community League is incorporated under the Societies Act of Alberta and is exempt from income tax pursuant to the Income Tax Act, Canada. The purpose of the organization is to provide for the recreation of the members and to promote and afford opportunity for friendly and social intercourse and to encourage and promote amateur games and exercises. The organization operates a community hall and outdoor recreational facilities under an operational license agreement with the city of Edmonton.

2. CHANGE IN ACCOUNTING POLICIES

The organization has changed its accounting policy regarding deferred revenues. As such, the following changes have been applied retrospectively, resulting in an increase to deferred revenues of \$197,228 and corresponding reduction in net assets as of May 1, 2015. Casino revenues for the year 2016 were increased by \$25,540, deferred revenues increased to \$171,688 and net assets reduced by \$171,688.

3. ACCOUNTING POLICIES

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

Cash and cash equivalents

- a) Cash equivalents are comprised of highly liquid term deposits that are readily convertible to cash with maturities that are less than three months from the date of acquisition.

Management's use of estimates

- b) When preparing financial statements according to ASNPO, the Association makes estimates and assumptions relating to:
 - Reported amounts of revenue and expenses;
 - Reported amounts of assets and liabilities; and
 - Disclosure of contingent assets and liabilities

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

Tangible capital assets of a small NPO

- c) In accordance with Canadian accounting standards for not-for-profit organizations, Highlands and District Community League qualifies as a small organization as defined in the *CICA Handbook* for purposes of reporting capital assets. Accordingly, the organization has opted to report tangible capital assets as expenses in the year they are purchased. Proceeds from the disposition of tangible capital assets are reported as revenue in the year they are sold. No amortization is recorded, nor are the tangible capital assets reported on the statement of financial position.

HIGHLANDS AND DISTRICT COMMUNITY LEAGUE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

Contributed materials and services

- d) Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Revenue recognition

- e) The organization uses the deferral method of accounting for contributions (i.e. grants and contributions). Under this method, contributions restricted to expenses of future periods are deferred and recognized as revenue in the period when the related expenses are incurred.

Investment income, which is reported on an accrual basis, includes interest income, dividends and capital gains (losses) on the sale of securities.

Membership fees are recognized as revenue when collected.

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following describes the exposures to those risks, how they arise, any changes in risk exposures from the previous period, and any concentrations of risk.

Credit risk:

Credit risks arise from three sources: cash and cash equivalents, accounts receivables and investments in debt securities. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. The investments include commercial papers and investments issued by high-credit quality corporations and financial institutions, and we consider the risk of non-performance of these instruments to be remote.

Interest rate risk:

The organization is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

5. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u> Restated
Trade receivables	\$ 10,000	\$ -
Interest receivable	<u>120</u>	<u>274</u>
	<u>\$ 10,120</u>	<u>\$ 274</u>

HIGHLANDS AND DISTRICT COMMUNITY LEAGUE
NOTES TO FINANCIAL STATEMENTS
April 30, 2017

6. DEFERRED REVENUES

	<u>2017</u>	<u>2016</u> Restated
Casino	\$ 220,539	\$ 171,688
Community Garden Fund	<u>-</u>	<u>536</u>
	<u>\$ 220,539</u>	<u>\$ 172,224</u>

7. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current year classifications of operating expenses. The comparative figures are unaudited.