

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

March 31, 2011

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION

March 31, 2011

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Independent Auditor's Report

To the Members of the
Richmond / Knob Hill Community Association

I have audited the financial statements of the Richmond / Knob Hill Community Association as at March 31, 2011 which include the Statement of Financial Position and the Statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the year then ended.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not for profit organizations, the Richmond / Knob Hill Community Association derives revenue from certain fund raising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Richmond / Knob Hill Community Association and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified Opinion

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself of the completeness of fundraising activities, these financial statements present fairly, in all material respects, the financial position of the Richmond / Knob Hill Community Association as at March 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
June 14, 2011

Nancy Murdoch
Chartered Accountant



RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at March 31, 2011

| | 2011 | 2010 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash, unrestricted | \$ 72,013 | \$ 48,709 |
| Externally Restricted Assets (Note 3) | 322,474 | 177,621 |
| Accounts Receivable | 5,245 | 1,211 |
| Prepaid Expenses | 2,460 | 2,415 |
| | 402,192 | 229,956 |
| Property and Equipment (Note 4) | 438,104 | 486,845 |
| | \$ 840,296 | \$ 716,801 |

LIABILITIES AND NET ASSETS

| | | |
|--|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 11,471 | \$ 5,443 |
| Deferred Cash Contributions (Note 3) | 322,474 | 177,621 |
| | 333,945 | 183,064 |
| Deferred Capital Contributions (Note 5) | 327,202 | 363,005 |
| | 661,147 | 546,069 |
| NET ASSETS | | |
| Unrestricted | 68,247 | 46,892 |
| Invested in Property and Equipment | 110,902 | 123,840 |
| | 179,149 | 170,732 |
| | \$ 840,296 | \$ 716,801 |

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended March 31, 2011

| | Unrestricted | Invested in Property and Equipment | 2011 Totals | 2010 Totals |
|----------------------------------|---------------------|---|------------------------|------------------------|
| Balances, Beginning of the Year | \$ 46,892 | 123,840 | 170,732 | 308,784 |
| Prior Period Adjustment (Note 6) | - | - | - | (131,270) |
| Balance as restated | 46,892 | 123,840 | 170,732 | 177,514 |
| Increase (Decrease) | 21,355 | (12,938) | 8,417 | (6,782) |
| Balances, End of the Year | \$ 68,247 | 110,902 | 179,149 | 170,732 |

See Notes to the Financial Statements

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended March 31, 2011

| | 2011 | 2010 |
|---|-----------------|-------------------|
| REVENUE | | |
| Bingo Contributions (Note 7) | \$ 14,040 | \$ - |
| Casino Contributions (Schedule) | 17,895 | 26,304 |
| Contributions from Building Fund | 129 | 6,306 |
| Grants (Note 8) | 6,649 | - |
| Hall Rentals | 15,808 | 20,619 |
| Memberships | 2,045 | 1,456 |
| Newsletter Revenue | - | 4,675 |
| Other revenue | 95 | 45 |
| Program | 4,800 | 1,630 |
| Social | 612 | - |
| | 62,073 | 61,035 |
| EXPENSES | | |
| Administration | 2,313 | 6,458 |
| Advertising | - | 330 |
| Bank Charges | 278 | 209 |
| Bookkeeping | 1,512 | 1,470 |
| Building and Equipment Maintenance | 7,250 | 3,462 |
| Donations | - | 100 |
| Insurance | 3,199 | 3,190 |
| Janitorial Expense | 6,696 | 7,670 |
| Newsletter | - | 7,144 |
| Professional Fees | 2,400 | 2,000 |
| Program | 7,154 | 1,917 |
| Public Relations/Goodwill | 374 | 777 |
| Socials | 1,573 | - |
| Telephone | 815 | 838 |
| Utilities | 7,154 | 7,162 |
| | 40,718 | 42,727 |
| EXCESS OF REVENUE BEFORE AMORTIZATION | 21,355 | 18,308 |
| Amortization of Deferred Capital Contributions (Note 5) | 45,803 | 33,651 |
| Less: Amortization of Property and Equipment | (58,741) | (58,741) |
| EXCESS (DEFICIENCY) OF REVENUE | \$ 8,417 | \$ (6,782) |

See Notes to the Financial Statements

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended March 31, 2011

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess (Deficiency) of Revenue | \$ 8,417 | \$ (6,782) |
| Charges not affecting cash: | | |
| Amortization | 58,741 | 58,741 |
| Changes in non-cash operating working capital: | | |
| Accounts Receivable | (65,983) | 2,151 |
| Prepaid Expenses | (45) | 119 |
| Accounts Payable | 6,028 | 4,564 |
| Cash provided by/(used in) Operating Activities: | <u>7,158</u> | <u>58,793</u> |
| INVESTING ACTIVITIES | | |
| Preliminary planning of Skate Shack | (10,000) | - |
| | <u>(10,000)</u> | <u>-</u> |
| FINANCING ACTIVITIES | | |
| Deferred Cash Contributions | 144,853 | 40,978 |
| Deferred Capital Contributions | (35,802) | (33,651) |
| | <u>109,051</u> | <u>7,327</u> |
| INCREASE IN CASH | 106,209 | 66,120 |
| CASH, BEGINNING OF THE YEAR | <u>226,278</u> | <u>160,158</u> |
| CASH, END OF THE YEAR | <u>\$ 332,487</u> | <u>\$ 226,278</u> |
| Cash consists of: | | |
| Unrestricted | \$ 72,013 | \$ 48,709 |
| Externally Restricted | 260,474 | 177,569 |
| | <u>\$ 332,487</u> | <u>\$ 226,278</u> |

See Notes to the Financial Statements

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

March 31, 2011

1. NATURE OF THE ORGANIZATION

The Richmond / Knob Hill Community Association (the Association) was registered as a not-for-profit organization on June 10, 1954 under the Societies Act of Alberta and is exempt from income tax under Section 149(g) of the Income Tax Act.

The Association was organized to provide a meeting place and act as a liaison between the community and the City of Calgary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared according to Canadian generally accepted accounting principles of which the most significant policies are:

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Externally restricted contributions are recorded as revenue in the year in which the related expenses were incurred. Externally restricted contributions used to purchase property and equipment are recorded as deferred capital contributions and amortized on the same basis as the related capital asset.

Operating revenue is recognized when received or reasonable assurance is given that it is receivable.

Property and Equipment

Property and equipment are recorded at cost and are amortized on the straight line basis over their estimated useful lives at the following rates:

| | |
|-----------------------|----------|
| Building Development | 20 years |
| Furniture & Equipment | 10 years |
| Permanent Rink | 10 years |

Capital assets under construction are not amortized until they are in use.

Financial Instruments:

The Association applies Sections 3855 "Financial Instruments – Recognition and Measurement", and 3861 "Financial Instruments – Disclosure and Presentation" of the Canadian Institute of Chartered Accountants (CICA) Handbook. As permitted by the CICA, the Association has elected not to adopt the new standards 3862 and 3863, and continues to apply Section 3861 on disclosure and presentation of the financial statements.

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

March 31, 2011

3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Net revenue generated from casino and bingo activities is restricted to approved spending according to Alberta Gaming regulations. Other restricted amounts are restricted to be spent on approved expenditures only.

| | <u>2011</u> | <u>2010</u> |
|------------------------------|-------------------|-------------------|
| Bank - Building Fund | \$ 244,429 | \$ 4,557 |
| - Bingo | - | 14,040 |
| - Casino | 16,045 | 97,880 |
| Term Deposit | - | 61,092 |
| Total Cash | <u>260,474</u> | <u>177,569</u> |
| Accounts Receivable: | | |
| Accrued Interest | - | 52 |
| Proceeds receivable - Casino | 62,000 | - |
| | <u>\$ 322,474</u> | <u>\$ 177,621</u> |

4. PROPERTY AND EQUIPMENT

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2011 Net</u> | <u>2010 Net</u> |
|--|-------------------|-------------------------------------|---------------------|---------------------|
| Building Development | \$ 565,174 | 277,258 | 287,916 | 316,174 |
| Furniture and Equipment | 35,923 | 30,452 | 5,471 | 9,122 |
| Skate Shack - Construction in progress | 10,000 | - | 10,000 | - |
| Permanent Rink | 268,311 | 133,594 | 134,717 | 161,548 |
| | <u>\$ 879,408</u> | <u>441,304</u> | <u>438,104</u> | <u>486,844</u> |

5. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted contributions spent on capital expenditures are recorded as deferred capital contributions and are being amortized on the same basis as the related capital asset.

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|-------------------|-------------------|
| Balance carried forward | \$ 363,005 | \$ 265,386 |
| Prior period adjustment (Note 6) | - | 131,270 |
| Preliminary planning of skate shack | 10,000 | - |
| Taken into income during the year | (45,803) | (33,651) |
| Balance carried forward | <u>\$ 327,202</u> | <u>\$ 363,005</u> |

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

March 31, 2011

6. PRIOR PERIOD ADJUSTMENT

During the year it was noted that amounts previously recorded as revenue from contributions were used to purchase property and equipment rather than for operating expenses. These amounts have been restated as deferred capital contributions and will be amortized as revenue on the same basis as the related property and equipment. The net effect of the restatement is as follows:

| | |
|--|------------|
| Increase to deferred capital contributions | \$ 131,269 |
| Decrease to opening net assets | \$ 131,269 |

7. CONTRIBUTED GOODS AND SERVICES

Contributed services and donated goods are recognized in the financial statements when the fair value can be reasonably estimated, when the services or goods are used in the normal course of the Association's operations and when they would otherwise have been purchased. In the current year no contributed goods or services have been recorded (2010 - \$nil).

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

8. GRANTS

| | 2011 | 2010 |
|--|-----------------|-------------|
| CFEP - Rink repairs | \$ 1,404 | \$ - |
| Lifecycle Grant receivable | 4,620 | - |
| Friends of FCC - Habitation Markers Grant receivable | 625 | - |
| | \$ 6,649 | \$ - |

9. MANAGEMENT OF CAPITAL

The Association defines its capital as the amounts included in its net assets and deferred cash contributions which include both restricted and unrestricted amounts. Restricted amounts include contributions whose use has been specified by an outside party. Management believes it is in compliance with the restrictions on these funds.

The Association's objective when managing its capital is to safeguard the Association's ability to continue as a going concern so that it can continue to provide the appropriate level of service to its members and community.

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

March 31, 2011

10. FINANCIAL INSTRUMENTS

Under the standards for recognizing and measuring financial instruments, all financial assets are classified into one of the following four categories: held for trading, held to maturity, loans and receivables or available for sale. All financial liabilities are classified into one of the following two categories: held for trading or other financial liabilities.

The Association's financial assets and financial liabilities are classified and measured as follows:

Held for trading

Cash is designated as held for trading at fair value with any subsequent changes in fair value as a charge to the statement of operations.

Loans and receivables

Accounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

Other financial liabilities

Accounts payable and accrued liabilities are recorded at amortized cost and approximate their fair values due to the relatively short periods to maturity.

Other amounts noted on the Statement of Financial Position are not financial instruments.

The Association has not entered into any derivative transactions. In addition, the Association's contractual arrangements do not have any embedded features.

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

11. MEASUREMENT UNCERTAINTY

The preparation of the financial statements in conformity with generally accepted accounting principles 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant.

RICHMOND / KNOB HILL COMMUNITY ASSOCIATION
SCHEDULE - CASINO

For the Year Ended March 31, 2011

| | <u>2011</u> | <u>2010</u> |
|---|-------------------------|-------------------------|
| Casino Cash and Term Deposit, Beginning of the Year | \$ 158,972 | \$ 121,434 |
| Casino Revenue | - | 72,743 |
| Interest Income | 102 | 1,282 |
| Less: Bank Charges | (133) | (131) |
| Less: Held in Building Fund | (125,000) | (10,000) |
| Less: Casino Receivable, End of the Year | - | (52) |
| Less: Casino Bank, End of the Year | <u>(16,045)</u> | <u>(158,972)</u> |
| Spent on Operations | <u>\$ 17,895</u> | <u>\$ 26,304</u> |