

CONFEDERATION PARK 55+ ACTIVITY CENTRE
Financial Statements
Year Ended December 31, 2019



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INDEPENDENT AUDITOR'S REPORT

To the Members of Confederation Park 55+ Activity Centre

Qualified Opinion

We have audited the financial statements of Confederation Park 55+ Activity Centre (the Centre), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and 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 Centre as at December 31, 2019, and the results of its 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 Centre derives revenue from donations & contributions, fundraising activities and various functions 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 Centre. Therefore, we were not able to determine whether any adjustments might be necessary to donations & contributions, fundraising revenue, operational excess, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis of Qualified Opinion section above, we need to obtain sufficient appropriate evidence about the completeness of donations & contributions and fundraising revenues as at and for the year ended December 31, 2019. Accordingly we were unable to conclude wither or not the other information is materially misstated with respect to this matter.

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 Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre'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 Centre'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 Centre'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 Centre 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 to the Members of Confederation Park 55+ Activity Centre *(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.

March 5, 2020


Chartered Professional Accountants

CONFEDERATION PARK 55+ ACTIVITY CENTRE
Statement of Financial Position
December 31, 2019

	Operating Fund 2019	Sustainability & Capital Fund 2019	Casino Fund 2019	Total 2019	Total 2018
ASSETS					
CURRENT					
Cash and cash equivalents (Note 4)	\$ 95,747	\$ 448,953	\$ 58,458	\$ 603,158	\$ 536,787
Accounts receivable	14,767	-	-	14,767	9,038
Gift cards (Note 5)	85,200	-	-	85,200	-
Goods and services tax recoverable	2,320	-	-	2,320	2,121
Prepaid expenses	8,432	-	-	8,432	3,180
	\$ 206,466	\$ 448,953	\$ 58,458	\$ 713,877	\$ 551,126
LIABILITIES					
CURRENT					
Accounts payable	\$ 15,844	\$ -	\$ -	\$ 15,844	\$ 17,827
Employee deductions payable	4,368	-	-	4,368	4,628
Deferred Revenue - memberships and registrations	40,647	-	-	40,647	26,521
Deferred Contributions (Note 6)	60,407	-	19,118	79,525	-
	121,266	-	19,118	140,384	48,976
NET ASSETS					
Unrestricted	85,200	-	-	85,200	-
Internally restricted	-	448,953	39,340	488,293	502,150
	85,200	448,953	39,340	573,493	502,150
	\$ 206,466	\$ 448,953	\$ 58,458	\$ 713,877	\$ 551,126

LEASE COMMITMENTS (Note 7)

On behalf of the Board

_____ Director

_____ Director

CONFEDERATION PARK 55+ ACTIVITY CENTRE
Statement of Operations and Changes in Net Assets
Year Ended December 31, 2019

	Operating Fund	Sustainability & Capital Fund	Casino Fund	2019	2018
REVENUES					
Family and Community Support Services (FCSS) funding	\$ 199,124	\$ -	\$ -	\$ 199,124	\$ 199,124
Donations and contributions	114,121	-	-	114,121	28,841
Fundraising and other functions	52,566	-	49,215	101,781	108,885
Class registrations	86,111	-	-	86,111	79,493
Facility rental	53,822	-	-	53,822	50,522
Memberships	20,945	-	-	20,945	19,365
Government grants	12,680	-	-	12,680	-
Interest and investment income	8,202	-	-	8,202	2,775
President's appeal	5,275	-	-	5,275	6,281
Other income	566	-	-	566	695
	553,412	-	49,215	602,627	495,981
EXPENSES					
Salaries and benefits	199,239	-	21,801	221,040	196,704
Repairs and maintenance	60,239	-	-	60,239	74,585
Utilities & rent	55,296	-	5,734	61,030	50,693
Class instruction	49,589	-	-	49,589	47,701
Office	40,841	-	351	41,192	32,609
Professional services	27,865	-	-	27,865	23,969
Fundraising and other functions	26,905	-	3,044	29,949	23,887
Transportation	1,226	-	18,285	19,511	17,209
Copier and supplies	8,012	-	-	8,012	5,804
Telephone	4,199	-	-	4,199	4,132
Insurance	4,680	-	-	4,680	3,171
Janitorial	3,978	-	-	3,978	3,072
	482,069	-	49,215	531,284	483,536
OPERATIONAL EXCESS (DEFICIENCY)					
	71,343	-	-	71,343	12,445
NET ASSETS - beginning of year	-	462,810	39,340	502,150	489,705
Interfund balances transfers	13,857	(13,857)	-	-	-
NET ASSETS - end of year	\$ 85,200	\$ 448,953	\$ 39,340	\$ 573,493	\$ 502,150

CONFEDERATION PARK 55+ ACTIVITY CENTRE
Statement of Cash Flows
Year Ended December 31, 2019

	Operating Fund	Sustainability & Capital Fund	Casino Fund	2019	2018
OPERATING ACTIVITIES					
Operating Excess	\$ 71,343	\$ -	\$ -	\$ 71,343	\$ 12,445
Item not affecting cash:					
Interfund transfers	13,857	(13,857)	-	-	-
	<u>85,200</u>	<u>(13,857)</u>	<u>-</u>	<u>71,343</u>	<u>12,445</u>
Changes in non-cash working capital:					
Accounts receivable & prepaid	(5,729)	-	-	(5,729)	658
Gift cards	(85,200)	-	-	(85,200)	-
Accounts payable	4,018	-	(6,000)	(1,982)	7,800
Deferred Revenue - memberships and registrations	14,126	-	-	14,126	739
Prepaid expenses	(5,252)	-	-	(5,252)	60
Goods and services tax recoverable	(200)	-	-	(200)	443
Employee deductions payable	(260)	-	-	(260)	4,628
Deferred Contributions	60,407	-	19,118	79,525	(49,781)
	<u>(18,090)</u>	<u>-</u>	<u>13,118</u>	<u>(4,972)</u>	<u>(35,453)</u>
INCREASE (DECREASE) IN CASH FLOW	67,110	(13,857)	13,118	66,371	(23,008)
Cash - beginning of year	28,637	462,810	45,340	536,787	559,795
CASH - END OF YEAR (Note 4)	\$ 95,747	\$ 448,953	\$ 58,458	\$ 603,158	\$ 536,787

CONFEDERATION PARK 55+ ACTIVITY CENTRE

Notes to Financial Statements

Year Ended December 31, 2019

1. OVERVIEW

Confederation Park 55+ Activity Centre is a registered society and charity formed to provide educational, recreational, outreach support programs and special services to members of the community 55 years of age and older to help them maintain an independent life style.

These financial statements include the operations and resources of the Operating, Sustainability & Capital and Taxi Funds only. Historically they did not include the operations and resources of any self sufficient but directly controlled Clubs or Committees of the Centre, except for contributions received from these clubs. All Clubs and Committees of the Centre are not included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The continued operation of the Centre is dependent on the continued support of government and interested individuals and groups.

The Centre follows Canadian accounting standards for not for profit organizations the more significant being:

Fund Accounting

Fund accounting is used to ensure the observance of the purposes, limitations, and restrictions on the use of resources made available to the organization as specified by the donors, contributors, and the Board.

The funds are summarized for reporting as follows:

Operating Fund

- to handle all general fund raising events, general Centre functions, class instruction and support of all other committees and clubs which are in place. It includes government grants relating to budgeted salaries, benefits, rent and utilities. Any deficits are funded by the Sustainability & Capital Fund.

Sustainability & Capital Fund

- to record all funds received and disbursed for property and equipment acquisition and is used to fund any Operating Fund deficits. Bequests with no specific direction are recorded in this fund as well. The Sustainability & Capital Fund is limited to \$500,000.

Casino Fund

- to record all funds received and disbursed from casino for supported events.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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CONFEDERATION PARK 55+ ACTIVITY CENTRE
Notes to Financial Statements
Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are term deposits and GIC's having the capacity of prompt liquidation.

Property and equipment

Property and equipment is recorded at cost. Amortization computed over the estimated useful life of the asset or over the life of the lease, as applicable, using the straight-line method.

Purchases more than \$5,000 with a life greater than three years and that are new to the Centre are capitalized. All other purchases are expensed as incurred. Contributed assets are recorded at their estimated fair value at their date of contribution.

Deferred Revenue

Class registration fees, membership fees and facility rental received in advance are recorded as deferred revenue until the class or term is completed.

Revenue Recognition

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Until then, they are recorded as deferred contributions. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fund raising and other function revenue is recorded as received. Investment income is accrued as earned. Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Contributions from the following clubs are reported net as contributions when received as opposed to the consolidation of the clubs activities as the individual club activity is not considered material to these statements; Camera Club, Confederation Park Seniors Choir and Old Time Gliders Club.

Contributed Goods & Services

Management estimates that 259 (2018: 335) volunteers contribute about 20,664 (2018: 14,994) hours per year to assist the Centre in carrying out its service delivery and support activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

During the year, the Centre received \$86,380 (2018 \$0) gifts in kind.

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CONFEDERATION PARK 55+ ACTIVITY CENTRE

Notes to Financial Statements

Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The most significant estimates included in these financial statements include the estimate of the amounts of accrued liabilities, amount of deferred contributions (Note 6) and calculation of contingent liability.

Fundraising Activities

Fundraising revenues and expenses are recorded specifically in the Operating Fund. No salary costs have been allocated to the fundraising costs.

3. FINANCIAL INSTRUMENTS

The Centre is exposed to various risks through its financial instruments, which comprise cash, term deposits and GIC's, account receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant liquidity, market or interest rate risks arising from these financial instruments.

4. CASH

	<u>2019</u>	<u>2018</u>
Cash	\$ 238,124	\$ 125,915
Term deposits and GIC's	<u>365,034</u>	<u>410,872</u>
	<u>\$ 603,158</u>	<u>\$ 536,787</u>

5. GIFT CARDS

Gift certificates were donated by an optical store in 2019 and gift cards with a face value of \$85,200 were remaining at December 31, 2019 (2018 - \$nil).

CONFEDERATION PARK 55+ ACTIVITY CENTRE

Notes to Financial Statements

Year Ended December 31, 2019

6. DEFERRED CONTRIBUTIONS

Certain contributions received are externally restricted and are recorded as deferred contributions until funds are expended at which time they are transferred to revenue to match the expense. A summary of the activity follows.

	Opening balances	Restricted contributions	Revenue to match expense	Ending balances
FCSS	\$ -	\$ 199,124	\$ (199,124)	\$ -
Casino funds	-	68,333	(49,215)	19,118
Government grants	-	48,895	(772)	48,123
Other	-	20,784	(8,500)	12,284
	<u>\$ -</u>	<u>\$ 337,136</u>	<u>\$ (257,611)</u>	<u>\$ 79,525</u>

7. LEASE COMMITMENTS

The Centre leases premises under a long term lease that expires on March 31, 2026. Under the lease, the Centre is required to pay its share of the premise's utilities, property taxes, maintenance, capital improvements and other related costs on a pro-rata basis, which is currently at \$5,734 per month.

The Centre also has a photocopier lease. Future minimum lease payments as at year end are as follows:

2020	\$ 2,563
2021	2,563
2022	2,563
2023	2,563
2024	641
	<u>\$ 10,893</u>
