MOUNT ROYAL COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

June 30, 2016

a member of

MOUNT ROYAL COMMUNITY ASSOCIATION

June 30, 2016

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Nancy Murdoch Chartered Accountant
301 - 1609 14th Street SW Calgary, AB T3C 1E4
Phone: 403-244-4111 ext. 206 Fax: 403-244-4129
nancy.murdoch@calgarycommunities.com

Independent Auditor's Report

To the Members of the
Mount Royal Community Association

I have audited the financial statements of the Mount Royal Community Association as at June 30, 2016 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 accounting standards for not-for-profit organizations 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 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 Mount Royal Community Association derives revenue from certain fundraising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues and expenses were limited to the amounts recorded in the records of the Mount Royal 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 Mount Royal Community Association as at June 30, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
November 16, 2016

Nancy Murdoch
Chartered Professional Accountant

MOUNT ROYAL COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at June 30, 2016

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	**$ 24,313**	$ 28,917
Externally restricted asset (Note 3)	**74,162**	41,962
Accounts receivable, unrestricted	**914**	1,140
Goods and Services Tax refundable, unrestricted	**1,183**	1,407
Prepaid expenses	**7,236**	1,706
	107,808	75,132
Long term investment (Note 4)	**120,000**	110,000
Capital assets (Note 5)	**169,081**	148,617
	$ 396,889	$ 333,749
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 24,105**	$ 21,394
Deferred revenue	**9,067**	10,652
Deferred cash contributions (Note 3)	**74,162**	41,962
	107,334	74,008
Deferred capital contributions (Note 6)	**117,362**	109,340
	224,696	183,348
Net assets		
Unrestricted	**120,474**	111,124
Invested in capital assets	**51,719**	39,277
	172,193	150,401
	$ 396,889	$ 333,749

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

MOUNT ROYAL COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended June 30, 2016

	Unrestricted	Invested in Capital Assets	2016 Totals	2015 Totals
Balances, beginning of the year	$ 111,124	39,277	150,401	152,593
Purchase of capital assets from unrestricted funds	(17,561)	17,561	-	-
Balances as restated	93,563	56,838	150,401	152,593
Excess of revenue (expenses)	26,911	(5,119)	21,792	(2,192)
Balances, end of the year	$ 120,474	51,719	172,193	150,401

See Notes to the Financial Statements

MOUNT ROYAL COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended June 30, 2016

	Revenues	Expenses	2016	2015
Net operating revenue				
Amortized contributions (Note 6)	$ 9,251	-	9,251	11,603
Casino contributions	23,639	-	23,639	23,974
Clubhouse operations	14,575	12,771	1,804	1,821
Donations and contributions	2,625	-	2,625	3,510
Hockey rink	-	-	-	(993)
Interest	1,058	-	1,058	1,246
Memberships	18,755	436	18,319	19,013
Newsletter	775	673	102	1,130
Program - Tennis	965	2,438	(1,473)	(777)
Progressive dinner	11,680	11,390	290	883
Various social events	3,815	2,628	1,187	(35,900)
	$ 87,138	30,336	56,802	25,510
Other expenses				
Administration		$ 5,548	(5,548)	(4,308)
Amortization of capital assets		14,370	(14,370)	(15,144)
Donations		6,500	(6,500)	-
Volunteer expenses		706	(706)	-
Insurance		3,333	(3,333)	(3,205)
Utilities		4,553	(4,553)	(5,044)
		$ 35,010	(35,010)	(27,701)
Excess of revenue (expenses)			$ 21,792	(2,192)

See Notes to the Financial Statements

MOUNT ROYAL COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended June 30, 2016

	2016	2015
Cash generated from/(used in):		
Operations		
Excess of Revenue (Deficit)	**$ 21,792**	$ (2,192)
Charges not requiring cash outlay:		
Amortization of property and equipment	**14,370**	15,144
Amortized Contributions	**(9,251)**	(11,603)
Changes in Non-Cash Operating Working Capital		
Accounts receivable	**667**	(619)
Goods and Services Tax refundable	**223**	(615)
Prepaid expenses	**(5,530)**	4,086
Accounts payable and accrued liabilities	**2,711**	15,977
Deferred revenue	**(1,585)**	920
Cash from operations	**23,397**	21,098
Investing activities		
Purchase of capital assets	**(34,833)**	-
Purchase of investment	**(120,000)**	(110,000)
Withdrawal from investment	**110,000**	90,000
	(44,833)	(20,000)
Financing activities		
Receipt of casino proceeds	**73,111**	-
Use of deferred cash contributions	**(23,639)**	(23,974)
	49,472	(23,974)
Increase / (Decrease) in cash and cash equivalents	**28,036**	(22,876)
Cash and Cash Equivalents, beginning of the year	**69,741**	92,617
Cash and cash equivalents, end of the year	**$ 97,777**	$ 69,741
Cash and cash equivalents consists of:		
Unrestricted cash	**$ 24,313**	$ 28,917
Externally restricted cash	**73,464**	40,824
	$ 97,777	$ 69,741

See Notes to the Financial Statements

MOUNT ROYAL COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

1. PURPOSE OF THE ORGANIZATION

The Mount Royal Community Association (the Association) was registered under the Societies Act of Alberta on January 22, 1934 as a not-for-profit organization.

The Association is a registered charitable organization and is exempt from income tax under Section 149 of the Income Tax Act. The Association is able to issue donation receipts for income tax purposes. In order to maintain its tax exempt status, the Association must meet certain requirements which, in the opinion of management, have been met.

The Association provides services for members living in the Mount Royal community and for the general public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared according to Canadian accounting standards for not-for-profit organizations, of which the most significant accounting policies are:

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

Revenue Recognition
The Association follows the deferral method of accounting for externally restricted contributions, where revenue is recognized when the related expense occurs.

Unrestricted revenue is recognized as such when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital Assets
Capital assets are recorded at cost and are amortized over their estimated useful lives using the straight line method at the following amortization rates. The half year rule is not used and residual value has not been taken into consideration.

Clubhouse	25	years
Furniture and Equipment	10	years
Tennis Court	10	years
Playground	10	years
Website	4	years

Donations
The Association derives a portion of funding from the public in the form of donations. General cash donations are recorded as revenue at the time received. Donations in kind are recorded in the financial records only if a value can be established.

MOUNT ROYAL COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goods and Services Tax
As a registered charity the Association is eligible to claim a rebate of 50% of the Goods and Services Tax that has been paid out.

3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

	2016	2015
Casino funds held in general bank	**$ 706**	$ 3,088
Casino - Cash	**72,758**	37,736
Externally restricted cash	**73,464**	40,824
Goods and Services Tax refundable	**698**	1,138
	$ 74,162	$ 41,962

4. LONG TERM INVESTMENT

The Association has invested $120,000 in a long term guaranteed investment certificate with a minimum guaranteed interest rate of 0.850% maturing in August 2018.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2016 Net	2015 Net
Clubhouse	**$ 260,211**	**118,237**	**141,974**	142,008
Furniture and Equipment	**38,278**	**34,732**	**3,546**	4,945
Tennis Court	**64,336**	**40,775**	**23,561**	1,664
Playground	**64,796**	**64,796**	**-**	-
Website	**6,387**	**6,387**	**-**	-
	$ 434,008	**264,927**	**169,081**	148,617

6. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted cash contributed to the purchase of capital assets is deferred and recognized as revenue on the same basis as amortization expense is charged on the related capital assets.

	2016	2015
Carried forward from previous year	**$ 109,340**	$ 120,943
Casino contributions spent on capital assets	**17,273**	-
Taken into income as amortized contributions	**(9,251)**	(11,603)
Balance carried forward to next year	**$ 117,362**	$ 109,340

7. FUNDRAISING EXPENSES

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions $Nil (2015 - $Nil)

Amounts paid as remuneration to employees whose principal duties involve fundraising $Nil (2015 - $Nil)

8. MEASUREMENT UNCERTAINTY

The preparation of the financial statements in conformity 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 reporting period. 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.

9. 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 net income.

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

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.

10. COMPARATIVE FIGURES

Some of the prior year figures have been reclassified to conform to the current year presentation.