

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
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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, 2023, 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, 2023, 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 various 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 various revenue accounts, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2023, current assets and net assets as at December 31, 2023. 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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

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.

**CALGARY, ALBERTA
APRIL 10, 2024**

Baker Tilly Catalyst LLP

**CHARTERED PROFESSIONAL
ACCOUNTANTS**

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 633,840	\$ 419,235
Accounts receivable	88,781	119,697
Short-term investment (Note 3)	120,463	-
Prepaid expenses	16,218	15,890
	859,302	554,822
Investment (Note 3)	-	115,000
Capital assets (Note 4)	1,014,915	1,018,437
	1,014,915	1,133,437
	\$ 1,874,217	\$ 1,688,259
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	\$ 157,473	\$ 106,088
Deferred revenue (Note 5)	162,137	123,239
	319,610	229,327
Deferred capital contributions (Note 6)	938,565	929,949
	1,258,175	1,159,276
Net assets		
Unrestricted	406,720	312,827
Invested in capital assets	76,350	88,488
Internally restricted (Note 7)	132,972	127,668
	616,042	528,983
	\$ 1,874,217	\$ 1,688,259

Approved on behalf of the board

Rebekah Callaghan
 _____ Director

Andrew Rogan
 _____ Director

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Revenues		
Childcare	\$ 1,854,280	\$ 1,494,084
Program fees	215,251	188,336
Markets	193,148	169,545
Grants	183,538	203,905
Facility rental	132,635	110,753
	2,578,852	2,166,623
Program delivery		
Compensation	2,079,484	1,726,914
Program supplies	186,135	150,063
Staff development	26,362	2,954
Subcontract-program support	4,334	-
	2,296,315	1,879,931
Excess of revenue over expenditures for program delivery	282,537	286,692
Expenditures		
Occupancy	155,533	120,419
Software and technology	34,967	31,663
Administration	7,418	11,909
	197,918	163,991
Excess of revenues over expenditures for operations	84,619	122,701
Other revenue		
Allocation revenue	850,084	577,350
Interest earned	29,121	5,646
Donations	26,640	3,002
Administration grant	13,538	-
	919,383	585,998
Other expenditures		
Allocation expense	850,084	577,350
Professional fees	52,368	21,368
Amortization (Note 4)	14,491	(18,281)
	916,943	580,437
Excess of other revenue over other expenditures	2,440	5,561
Excess of revenue over expenditures	\$ 87,059	\$ 128,262

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, 2023

	Unrestricted 2023	Internally restricted funds 2023 (Note 7)	Invested in capital assets 2023	Total 2023	Total 2022
Balance, beginning of year	\$ 312,827	\$ 127,668	\$ 88,488	\$ 528,983	\$ 400,721
Excess (deficiency) of revenue over expenditures	101,550	-	(14,491)	87,059	128,262
Interfund transfers (Note 7)	(7,657)	5,304	2,353	-	-
Balance, ending of year	<u>\$ 406,720</u>	<u>\$ 132,972</u>	<u>\$ 76,350</u>	<u>\$ 616,042</u>	<u>\$ 528,983</u>

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, 2023

	2023	2022
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 87,059	\$ 128,262
Adjustments for		
Amortization	14,491	(18,281)
Interest earned on short-investment	(5,463)	-
Change in non-cash working capital items		
Accounts receivable	30,916	(58,000)
Prepaid expenses	(328)	3,890
Accounts payable and accrued liabilities	51,385	(20,112)
Deferred revenue	38,898	35,151
	216,958	70,910
Cash flows from investing activities		
Purchase of capital assets	(93,202)	(105,228)
Proceeds on disposal of capital assets	-	1,500
Disposal of investment	-	112,702
Purchase of investment	-	(115,000)
	(93,202)	(106,026)
Cash flows from financing activities		
Proceeds from deferred capital contributions	90,849	94,452
	214,605	59,336
Increase in cash		
	214,605	59,336
Cash, beginning of year	419,235	359,899
Cash, end of year	\$ 633,840	\$ 419,235
Cash consists of:		
Restricted (Note 5)	\$ 162,137	\$ 123,239
Unrestricted	471,703	295,996
	\$ 633,840	\$ 419,235

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, 2023

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 cheques issued and outstanding at year-end.

(b) Deferred revenue

Deferred revenue represents donations, grants and program fees received in advance, intended for use with specific programs in the future.

(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, 2023

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) 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
Land improvements	20 years
Hall equipment	10 years
Child care equipment	5 and 10 years

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. Significant accounting policies, continued

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

(g) Overhead allocation

The Association allocates certain amounts of its revenue and expenditures by identifying the appropriate basis of allocating each component and applies that basis consistently each year.

(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 investment

Guaranteed Investment Certificate ("GIC") agreement with Servus Credit Union for the amount of \$120,463 (2022 - \$115,000). The GIC bears interest at the rate of 4.75% per annum. The GIC matures May 14, 2024.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. **Capital assets**

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Building	\$ 2,148,018	\$ 1,351,717	\$ 796,301	\$ 809,211
Leasehold improvements	281,530	155,808	125,722	120,156
Office equipment	242,734	205,012	37,722	30,093
Land improvements	40,400	3,030	37,370	39,837
Hall equipment	390,159	373,813	16,346	17,992
Child care equipment	52,675	51,221	1,454	1,148
	\$ 3,155,516	\$ 2,140,601	\$ 1,014,915	\$ 1,018,437

Amortization of capital assets is \$96,724 and deferred capital contribution amortization is \$82,233 (Note 6).

5. **Deferred revenue**

	2023	2022
Designated grants and donations		
Casino	\$ 102,301	\$ 50,903
Community projects	23,783	4,170
Childcare donation	6,720	-
Heritage project	5,000	5,000
Security deposits	1,650	900
Safeway gift cards	1,160	-
Pull ticket	469	704
Community Facility Enhancement grant	-	11,657
City of Calgary grants	-	10,002
Sustainable food programs	-	8,387
	141,083	91,723
Programs paid in advance		
Facility rentals	11,142	23,294
Parking	4,596	4,620
Farmers market	3,961	-
Memberships	1,095	3,602
Good Food Box	260	-
	21,054	31,516
	\$ 162,137	\$ 123,239

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. Deferred capital contributions

	2023	2022
Balance carried forward from the previous year	\$ 929,949	\$ 908,619
Contributions during the year	90,849	94,452
Deferred capital contribution amortization	(82,233)	(73,122)
	\$ 938,565	\$ 929,949

7. Internally restricted net assets and interfund transfers

Internally restricted net assets are made up of the following:

	2023	2022
Emergency funds	\$ 120,463	\$ 115,000
Kensington Community Garden	7,674	7,380
Hillhurst-Sunnyside Community Garden	4,835	5,288
	\$ 132,972	\$ 127,668

During the year, \$5,463 was transferred from the unrestricted funds to the internally restricted funds for investments restricted as emergency funds and \$159 was moved from internally restricted funds to unrestricted funds for the community gardens.

Also during the year, \$2,353 was transferred from the unrestricted fund to the capital fund for capital purchases.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. **Affordability grant**

	2023	2022
Revenue		
Parent fees	\$ 730,754	\$ 622,661
Affordability	507,870	391,324
Other	91,164	134,103
	1,329,788	1,148,088
Expenses		
Compensation	912,851	738,949
Overhead allocation	387,616	310,244
Program delivery	75,774	61,647
Administration	15,244	7,244
	1,391,485	1,118,084
Excess (deficiency) of revenue over expenditures	\$ (61,697)	\$ 30,004

9. **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.

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.

HILLHURST-SUNNYSIDE COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. **Financial instruments, continued**

(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 short-term investments.

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

Hillhurst-Sunnyside Community Association
Statement Of Operations By Program
January - December 2023

	Childcare	Community programs	Rentals	Markets	Operations	Total
REVENUE						
Childcare	1,854,280	0	0	0	0	1,854,280
Facility rental	0	2,397	127,356	641	2,241	132,635
Grants	210	153,119	0	1,360	28,849	183,538
Markets	0	0	0	193,148	0	193,148
Program fees	0	214,963	288	0	0	215,251
	1,854,490	370,479	127,644	195,149	31,090	2,578,852
PROGRAM DELIVERY						
Compensation	1,255,321	287,799	0	72,920	463,444	2,079,484
Program supplies	80,969	91,381	12,658	536	591	186,135
Staff development	1,582	2,468	0	0	22,312	26,362
Subcontract-program support	0	463	0	1,428	2,443	4,334
	1,337,872	382,111	12,658	74,884	488,790	2,296,315
EXCESS (SHORTFALL): PROGRAM DELIVERY						
	516,618	(11,632)	114,986	120,265	(457,700)	282,537
EXPENSES						
Administration	435	1,289	295	610	4,789	7,418
Occupancy	2,522	3,320	628	1,580	147,483	155,533
Software and technology	1,050	3,707	379	977	28,854	34,967
	4,007	8,316	1,302	3,167	181,126	197,918
EXCESS (SHORTFALL): OPERATIONS						
	512,611	(19,948)	113,684	117,098	(638,826)	84,619
OTHER REVENUE						
Administration grant	0	0	0	0	13,538	13,538
Allocation revenue	188,729	0	0	13,482	647,873	850,084
Donations	0	25,754	0	0	886	26,640
Interest earned	0	0	0	0	29,121	29,121
	188,729	25,754	0	13,482	691,418	919,383
OTHER EXPENSES						
Allocation expense	621,229	90,270	89,357	49,228	0	850,084
Amortization	0	0	0	0	14,491	14,491
Professional fees	13,644	1,070	0	0	37,654	52,368
	634,873	91,340	89,357	49,228	52,145	916,943
EXCESS (SHORTFALL): OTHER						
	(446,144)	(65,586)	(89,357)	(35,746)	639,273	2,440
EXCESS (SHORTFALL)						
	66,467	(85,534)	24,327	81,352	447	87,059

LEGEND:	Programs Included:
Childcare	Daycare and Out of School Care
Community programs	Sustainable Food Program, Engagement and Planning, Bowview Pool and Community Connections
Rentals	Gymnasium and Hall
Markets	Flea and Farmers Markets
Operations	Administration and Facility