

BRAGG CREEK COMMUNITY ASSOCIATION

Financial Statements

Year ended June 30th, 2014

Audited

BRAGG CREEK COMMUNITY ASSOCIATION
June 30th, 2014

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Independent Auditor's Report

To the Members of the Bragg Creek Community Association:

I have audited the financial statements of the Bragg Creek Community Association as at June 30th, 2014 which includes the Statement of Financial Position, Statements of Operations, Changes in Net Assets, Statement of Cash Flows and a summary of significant accounting policies and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit entities 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 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.

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 Bragg Creek 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 Bragg Creek 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.

(continues)

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 Bragg Creek Community Association as at June 30th, 2014 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.

A handwritten signature in black ink, appearing to read 'Wilson Wong', is positioned above the printed name of the auditor.

WILSON WONG PROFESSIONAL CORPORATION
Chartered Accountant

Calgary, Alberta
September 24th, 2014

BRAGG CREEK COMMUNITY ASSOCIATION
Statement of Financial Position
Audited
As at June 30th, 2014

ASSETS	2014	2013
CURRENT ASSETS		
Cash, unrestricted <i>(Note 3)</i>	14,325	\$ 244,936
Externally Restricted Assets <i>(Note 4)</i>	891	21,951
Internally Restricted - Capital Replacement	207,775	206,476
Accounts Receivable <i>(Note 5)</i>	208,435	6,672
Prepaid Expense and Deposits	3,582	1,983
Inventory	611	727
	435,619	482,745
Property and Equipment <i>(Note 6)</i>	669,683	768,877
	\$ 1,105,303	\$ 1,251,622
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 29,314	\$ 25,588
Deferred Revenue	14,888	18,005
Deferred Cash Contributions <i>(Note 4)</i>	-	21,951
	44,202	65,544
Deferred Capital Contributions <i>(Note 7)</i>	166,278	195,622
	210,481	261,166
NET ASSETS		
Surplus - General	894,823	933,252
Surplus - Performing Arts	-	57,204
	894,823	990,456
	\$ 1,105,303	\$ 1,251,622

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

BRAGG CREEK COMMUNITY ASSOCIATION
Statement of Changes in Net Assets
Audited
For the Year Ended June 30th, 2014

	Unrestricted	Invested in Property and Equipment	County Capital Replacement Fund	Community Capital Replacement Fund	2014 Total General Net Assets	2013 Total General Net Assets
GENERAL						
Beginning of the Year	\$ 130,444	596,332	106,476	100,000	933,252	\$ 989,922
Purchase of Property and Equipment	(8,366)	8,366	-	-	-	-
Amortization of Deferred Capital						
Contributions	(29,343)	29,343	-	-	-	-
Allocation from Performing Arts	32,042	-	-	-	32,042	
Allocations to Reserve Funds	(2,575)	-	2,575	-	-	-
	122,202	634,041	109,051	100,000	965,294	989,922
Surplus (Deficit)	36,893	(107,364)	-	-	(70,471)	(56,670)
End of the Year	159,095	526,677	109,051	100,000	894,823	933,252
PERFORMING ARTS						
Beginning of Year	57,204	-	-	-	57,204	77,784
Surplus (Deficit)	(25,162)	-	-	-	(25,162)	(20,580)
Allocation to Unrestricted Account	(32,042)	-	-	-	(32,042)	-
	-	-	-	-	-	57,204
TOTAL NET ASSETS	\$ 159,095	526,677	109,051	100,000	894,823	\$ 990,456

BRAGG CREEK COMMUNITY ASSOCIATION
Statement of Operations - General
Audited
For the Year Ended June 30th, 2014

	<u>2014</u>	<u>2013</u>
RECEIPTS		
Casino Contributions	\$ 2,629	\$ 16,671
Donations	61,483	2,045
Fundraising Events <i>(Note 8)</i>	61,276	28,956
Grants <i>(Note 9)</i>	213,904	255,803
Hall and Equipment Rentals and Leases	102,989	119,609
Interest	2,669	273
Ladies Auxiliary Fundraising	-	12,130
Memberships	2,650	4,078
Programs <i>(Schedule 1)</i>	53,359	50,564
Raffles and Other	950	1,767
	<u>501,908</u>	<u>491,896</u>
DISBURSEMENTS		
Administrative	33,601	41,984
Advertising and Promotion	6,449	2,663
Business and Property tax	2,123	1,362
Computers	9,982	5,024
Consulting	5,625	41,434
Emergency Relief Fund	29,372	-
Fundraising Events <i>(Note 8)</i>	35,186	22,225
Insurance	8,765	6,752
Interest on Capital Lease Obligations	-	626
Ladies Auxiliary Fundraising Expenses	1,525	11,505
Programs <i>(Schedule 1)</i>	19,492	21,844
Raffle Expenses	189	9
Rental Expenses	6,364	4,448
Repairs and Maintenance	39,179	28,718
Security	892	686
Uncollectible GST	5,915	4,537
Utilities	55,566	52,650
Wages and Benefits	234,133	182,779
	<u>494,358</u>	<u>429,246</u>
OPERATING SURPLUS BEFORE AMORTIZATION & OTHER EXPENSE	7,550	62,650
Loss on Impairment of Capital Assets	-	7,800
Amortized Deferred Capital Contributions <i>(Note 7)</i>	(29,343)	(34,521)
Amortization	107,364	146,041
SURPLUS (DEFICIT)	\$ (70,471)	\$ (56,670)

BRAGG CREEK COMMUNITY ASSOCIATION
Statement of Operations - Performing Arts
Audited
For the Year Ended June 30th, 2014

	2014	2013
RECEIPTS		
Bar and Concessions	\$ -	\$ 2,721
Performances	1,480	43,204
	1,480	45,925
 DISBURSEMENTS		
Bank and Credit Card Fees	1,490	190
Administrative and Other	7,539	13,601
Performances	17,613	52,715
	26,642	66,506
 SURPLUS (DEFICIT)	\$ (25,162)	\$ (20,580)
 SUMMARY OF INCREASES AND DECREASES		
General	\$ (70,471)	\$ (56,670)
Performing Arts	\$ (25,162)	(20,580)
	\$ (95,633)	\$ (77,250)

BRAGG CREEK COMMUNITY ASSOCIATION
Statement of Cash Flows
Audited
For the Year Ended June 30th, 2014

	2014	2013
Cash Provided By (Used In):		
Operating Activities		
Cash receipts from grants, members and donations	\$ 275,192	\$ 697,183
Cash paid to suppliers and employees	(517,072)	(509,657)
Interest received	1,365	273
Interest paid	(1,490)	(816)
	(242,006)	186,984
Financing Activities		
Principal paid on Capital Lease	-	(2,389)
Allocation to Deferred Contribution <i>(Note 7)</i>	-	22,351
	-	19,962
Investing Activities		
Purchase of equipment	(8,366)	(13,469)
	(8,366)	(13,469)
Increase/(Decrease) in Cash	\$ (250,371)	\$ 193,477
Cash, Beginning of Year	473,363	279,886
Cash, End of Year	\$ 222,991	\$ 473,363
Cash consists of:		
Unrestricted Cash <i>(Note 3)</i>	\$ 14,325	\$ 244,936
Internally Restricted Cash	207,775	206,476
Restricted Cash <i>(Note 4)</i>	891	21,951
	\$ 222,991	\$ 473,363

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

1. GENERAL

The Bragg Creek Community Association (Association) was incorporated under the Societies of Alberta on June 9, 1958 as a not-for-profit organization. It is exempt from income tax under Section 149(1)(l) of the Income Tax Act.

The Association is a registered charity.

The Association was organized to unite groups and individuals through a sustainable path with innovation programs and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP), of which the most significant policies are:

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses incurred. 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.

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the first-in first-out method (FIFO).

Government Grants

Government grants are recorded when there is a reasonable assurance that the association had complied with all the necessary conditions to obtain the grants.

Financial Instruments

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.

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.

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Property and Equipment

Property and equipment are recorded at cost and are amortized using the straight line method according to the following rates:

Land Improvements	5%
Buildings and Improvements	5%
Ice Rink and Skate House	10%
Playground Equipment	10%
Tennis Court and Shed	10%
Assets under Capital Lease	10%

The Association regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

Net Assets

a) Net assets invested in property and equipment represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted funds.

b) Internally restricted net assets are funds which have been designated for a specific purpose by the Association's Board of Directors.

c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Association each year, not of transfers, and are available for general purposes.

3. CASH, UNRESTRICTED

The following amounts make up the unrestricted cash funds on deposit:

	2014	2013
Community Association - Petty Cash	\$ -	\$ 1,462
ATB - Chequing	12,401	214,253
ATB Capital Replacement	-	106,476
ATB - Treasury Bill Savings	30	100,031
ATB - Performing Arts Savings	-	19,943
ATB - Performing Arts Chequing	4	5,832
ATB - Ladies Auxiliary	1,890	3,414
	<u>14,325</u>	<u>451,412</u>
Less: Internally restricted - County Capital Replacement		
Less: Restricted funds held in unrestricted accounts	-	-
	<u>\$ 14,325</u>	<u>\$ 244,936</u>

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

4. EXTERNALLY RESTRICTED ASSETS

	2014	2013
Casino	\$ -	\$ 2,629
Bragg Creek Flood Relief	891	19,322
	<u>\$ 891</u>	<u>\$ 21,951</u>

5. ACCOUNTS RECEIVABLE

	2014	2013
GST	\$ 3,041	\$ 4,721
Performing Arts - Beanstream Reserve	-	1,000
Interest Receivable	1,276	-
Miscellaneous Receivables	19,117	951
Rocky View County	185,000	-
	<u>208,435</u>	<u>6,672</u>
Restricted Capital Grants Receivable	-	-
Allowance for doubtful accounts	-	-
	<u>\$ 208,435</u>	<u>\$ 6,672</u>

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2014	2013
Land Improvements	\$ 95,016	64,669	30,346	\$ 35,097
Building and Improvements	1,935,529	1,308,742	626,787	723,564
Furniture and Equipment	313,471	309,628	3,843	3,376
Ice Rink and Skate House	166,827	166,827	-	4,645
Playground Equipment	67,641	67,641	-	-
Equipment	7,452	745	6,707	-
Artwork	2,000	-	2,000	2,195
	<u>\$ 2,587,936</u>	<u>1,918,253</u>	<u>669,683</u>	<u>\$ 768,877</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

Externally restricted grants and donations for specific capital expenditures are recorded as deferred contributions and amortized on the same basis as the related capital assets.

	2014	2013
Balance at Beginning of Year	\$ 195,622	\$ 207,792
Contributions From Donations	-	22,351
Recognized As Income During The Year	(29,343)	(34,521)
Balance At End of The Year	<u>\$ 166,278</u>	<u>\$ 195,622</u>

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

8. FUNDRAISING EVENTS

	Revenue	Expenses	Net 2014	Net 2013
Events	\$ 30,277	18,126	12,151	\$ 11,296
Concerts	25,240	15,297	9,944	(4,984)
Other	5,758	1,764	3,994	419
	<u>\$ 61,276</u>	<u>35,186</u>	<u>26,089</u>	<u>\$ 6,731</u>

This revenue does not include donations. Donations are recorded separately on the Statement of Operations - General.

9. GRANTS

	2014	2013
Municipal - Rocky View - FCSS	\$ 22,500	\$ 38,500
Municipal - Rocky View - Operating Grant	185,000	198,000
Municipal - Rocky View - Other Grants	398	22,351
Provincial - Community Initiatives	-	7,212
Provincial - Summer Student Employment Program	-	3,191
Provincial - Alberta Foundation for the Arts	-	3,213
Federal - Canada Summer Jobs	6,006	5,687
	<u>213,904</u>	<u>278,154</u>
Carried Forward	-	(8,882)
Spent on Capital Additions	-	(13,469)
Total Spent on Operations	<u>\$ 213,904</u>	<u>\$ 255,803</u>

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of June 30, 2014.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from tenants, customers and members. In order to reduce its credit risk, the Association conducts regular reviews of its tenants, customers and members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of tenants, customers and members which minimizes concentration of credit risk.

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

10. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from grants, members, leases and other related sources and accounts payable.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in guaranteed investment certificates.

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.

11. 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.

12. RELATED PARTIES

During the year, The Association engaged an Executive Director for professional services. These service fees totaled \$5,625 (2013 - \$41,434) and was paid to a related Corporation of the Executive Director.

BRAGG CREEK COMMUNITY ASSOCIATION
Notes to the Financial Statements
Audited
June 30th, 2014

13. CONTRIBUTED SERVICES

A number of volunteers contribute their services to the Association each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the notes to the financial statements. Contributed materials are recorded, when received, at fair value.

14. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current year's presentation.

BRAGG CREEK COMMUNITY ASSOCIATION
Schedule 1 - Programs
Audited
June 30th, 2014

	2014			2013
	Revenue	Expenses	Net	Net
Camps	\$ 38,813	10,114	28,699	\$ 20,234
FCSS	673	24	649	(30)
Adult programming	3,247	1,440	1,807	5,896
Other programming	10,627	7,914	2,713	2,620
	<u>\$ 53,359</u>	<u>\$ 19,492</u>	<u>\$ 33,867</u>	<u>\$ 28,720</u>