

HAWKWOOD COMMUNITY ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

July 31, 2011

HAWKWOOD COMMUNITY ASSOCIATION

July 31, 2011

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Independent Auditor's Report

To the Members of the
Hawkwood Community Association

I have audited the financial statements of the Hawkwood Community Association as at July 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 Hawkwood 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 Hawkwood 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 Hawkwood Community Association as at July 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
October 25, 2011



Nancy Murdoch
Chartered Accountant



HAWKWOOD COMMUNITY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
(Audited)

As at July 31, 2011

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash, unrestricted	\$ 46,840	\$ 48,900
Externally Restricted Assets (Note 3)	458,479	452,230
Accounts Receivable	878	1,788
Prepaid Expense	1,016	1,433
	507,213	504,351
Property and Equipment (Note 4)	11,872	10,319
	\$ 519,085	\$ 514,670
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,250	\$ 9,012
Deferred Cash Contributions (Note 3)	458,479	452,230
	461,729	461,242
Deferred Capital Contribution (Note 5)	1,677	1,863
	463,406	463,105
NET ASSETS		
Unrestricted Assets	45,484	43,109
Invested in Property and Equipment	10,195	8,456
	55,679	51,565
	\$ 519,085	\$ 514,670

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

HAWKWOOD COMMUNITY ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
(Audited)

For the Year Ended July 31, 2011

	Unrestricted	Invested in Property and Equipment	2011 Total	2010 Total
Balances, Beginning of the Year \$	43,109	8,456	51,565	49,631
Increases (Decreases)	2,375	1,739	4,114	1,934
Balances, End of the Year \$	<u>45,484</u>	<u>10,195</u>	<u>55,679</u>	<u>51,565</u>

See Notes to the Financial Statements

HAWKWOOD COMMUNITY ASSOCIATION
STATEMENT OF OPERATIONS
(Audited)

For the Year Ended July 31, 2011

	2011	2010
REVENUE		
Amortized Contributions (Note 5)	\$ 186	\$ 207
Community Events	-	150
Donations	7,300	6,356
Grants (Note 7)	-	28,919
Interest	22	28
Membership Fees	7,268	9,655
Miscellaneous, Rebates	277	251
Raffles	-	162
School Rental	4,395	4,301
Sponsorships	2,000	1,597
Sports and Recreation	11,395	12,305
	32,843	63,931
EXPENDITURES		
Amortization	2,099	1,249
Community Events	2,007	3,480
Equipment Rental	533	953
Insurance	2,799	2,799
Office and Administration	2,811	1,124
Playground	-	29,736
Professional Fees	2,665	2,800
School Rental	5,259	5,593
Sports and Recreation	7,807	8,474
Storage Facility	354	3,312
Telephone	786	762
Uncollectable GST	1,021	1,199
Utilities	588	515
	28,729	61,996
EXCESS OF REVENUE (EXPENDITURES)	\$ 4,114	\$ 1,934

See Notes to the Financial Statements

HAWKWOOD COMMUNITY ASSOCIATION
STATEMENT OF CASH FLOWS
(Audited)

For the Year Ended July 31, 2011

	<u>2011</u>	<u>2010</u>
Net inflows (outflows) of cash related to the following activities:		
Operating		
Excess of Revenue (Deficit)	\$ 4,114	\$ 1,934
Items not affecting cash:		
Amortization	2,099	1,249
Amortized Contributions	(186)	(207)
Changes in non-cash operating working capital:		
Accounts Receivable	71,705	(71,017)
Prepaid Expenses	417	3,730
Accounts Payable	(5,762)	3,213
	<u>72,387</u>	<u>(61,098)</u>
Investing		
Purchase of Rink Maintenance Equipment	(2,712)	(901)
Purchase of Office Equipment	(940)	-
Purchase of Shed	-	(6,530)
	<u>(3,652)</u>	<u>(7,431)</u>
Financing		
Deferred Cash Contributions	<u>6,251</u>	<u>73,014</u>
	<u>6,251</u>	<u>73,014</u>
Net Cash Inflow/(Outflow)	74,986	4,485
Cash, Beginning of Year	<u>430,336</u>	<u>425,851</u>
CASH, END OF THE YEAR	<u>\$ 505,320</u>	<u>\$ 430,336</u>
 Consisting of:		
Unrestricted	\$ 46,840	\$ 48,900
Externally Restricted	<u>458,479</u>	<u>381,436</u>
	<u>\$ 505,320</u>	<u>\$ 430,336</u>

See Notes to the Financial Statements

HAWKWOOD COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

July 31, 2011

1. GENERAL

The Hawkwood Community Association (the Association) was registered under the Societies Act of Alberta on May 24, 1984 as a not for profit organization and is exempt from Income Tax under Section 149 of the Income Tax Act.

The Association was formed to improve the quality of community life in Hawkwood by providing services to its members and to work with the City of Calgary and Province of Alberta representatives, committees, boards and other bodies to best protect the interests of the Hawkwood community.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Recognition

Externally restricted assets are recorded according to the deferral method where revenue is recognized when the related expense occurs. Operating revenue is recorded when received or reasonable assurance is given that it is receivable.

Property and Equipment

Property and equipment are recorded at cost and are amortized according to the declining balance method over their estimated useful life at the following rates:

Equipment and Furniture	20% declining
Shed	10% declining

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.

HAWKWOOD COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

July 31, 2011

3. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Proceeds received from casinos are restricted to spending according to the approved objectives in the casino licence application to Alberta Gaming and Liquor Commission. Unspent grant funding is restricted to spending according to approved grant objectives. These amounts remain liabilities until spent.

	<u>2011</u>	<u>2010</u>
Casino Chequing	\$ 863	\$ 63
Casino Savings	436,332	360,100
Grant Chequing	<u>21,284</u>	<u>21,273</u>
	458,479	381,436
Casino Proceeds Receivable	-	70,794
	<u>\$ 458,479</u>	<u>\$ 452,230</u>

During the year an application to extend the deadline for spending an amount originally provided under the Community Facility Enhancement Program (CFEP) was made to the Alberta Lotteries Commission. This application was turned down therefore \$28,813 was paid back subsequent to the year end.

4. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2011</u>	<u>Net 2010</u>
Sports Equipment	\$ 2,090	749	1,341	1,564
Rink Maintenance Equipment	7,183	2,233	4,950	3,381
Shed	8,504	2,923	5,581	6,201
	<u>\$ 17,777</u>	<u>5,905</u>	<u>11,872</u>	<u>11,147</u>

5. DEFERRED CAPITAL CONTRIBUTIONS

Restricted donations, casino and grant funding that has been used to fund purchases of a capital nature is deferred and recognized as revenue on the same basis as the related asset is amortized.

	<u>2011</u>	<u>2010</u>
Balance from last year	\$ 1,863	\$ 2,101
Adjustment	-	(31)
Current Year Amortization	<u>(186)</u>	<u>(207)</u>
	<u>\$ 1,677</u>	<u>\$ 1,863</u>

HAWKWOOD COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
(Audited)

July 31, 2011

6. GRANTS

	2011	2010
City of Calgary - Community Facility Enhancement Program (CFEP)		
Deferred from previous year	\$ 21,273	\$ 21,142
Plus: GST receivable	-	-
Plus: Interest	11	11
Contributed to operations	-	-
Repayment required subsequent to year end	<u>21,284</u>	-
Available next year	<u>-</u>	<u>21,153</u>
City of Calgary - Council Strategic Initiatives Grants	-	1,700
Contributed to operations	<u>-</u>	<u>(1,700)</u>
Deferred to next year	<u>-</u>	<u>-</u>
Province of Alberta - Community Initiatives Program	-	27,339
Contributed to operations - Playground	<u>-</u>	<u>(27,219)</u>
Deferred to next year	<u>-</u>	<u>-</u>
Total contributed to operations	<u>\$ -</u>	<u>\$ 28,919</u>
Total deferred to next year	<u>\$ -</u>	<u>\$ 21,273</u>

7. 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 of changes in such estimates in future periods could be significant.

HAWKWOOD COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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July 31, 2011

8. CONTRIBUTED GOODS AND SERVICES

Contributed services and donated goods are recognized in the financial statements when fair value can be reasonably estimated, when the services are used in the normal course of the Association's operations and would otherwise have been purchased.

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

9. 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 and short-term investments are 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.

HAWKWOOD COMMUNITY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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10. 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.

11. RECENT ACCOUNTING PRONOUNCEMENTS

Financial Statement Presentation by Not-for-Profit Organizations

In December 2010, the Accounting Standards Board issued Part III of the CICA Handbook - Accounting - Accounting Standards for Not-for-Profit Organizations. First time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012.

The adoption of this Part should not have a material impact on the Association's financial statements.