

TRIWOOD COMMUNITY ASSOCIATION

Financial Statements

Year Ended June 30, 2023



CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED PROFESSIONAL ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

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INDEPENDENT AUDITOR'S REPORT

To the Members of Triwood Community Association

Opinion

I have audited the financial statements of Triwood Community Association (the Association), which comprise the statement of financial position as at June 30, 2023, and the statements of revenues and expenditures, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2023, 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 (ASNPO)

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Association in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association 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.

I 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 I identify during my audit.

Calgary, Alberta
October 18, 2023



STEVEN POTTER PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

TRIWOOD COMMUNITY ASSOCIATION
Statement of Financial Position
June 30, 2023

	2023	2022 <i>Reclassified</i>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 590,664	\$ 278,018
Restricted cash (Note 5)	2,523	2,596
Short-term investments (Note 6)	54,356	165,444
Accounts receivable (Note 7)	14,801	120,854
Inventory	8,690	2,761
Prepaid expenses	21,426	29,095
Goods and services tax recoverable	2,109	1,195
	694,569	599,963
PROPERTY AND EQUIPMENT (Note 8)	2,889,055	2,988,086
INTERNALLY RESTRICTED CASH (Note 9)	150,000	150,000
	\$ 3,733,624	\$ 3,738,049
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 29,330	\$ 33,743
CEBA loan (Note 10)	40,000	-
Deferred revenue (Note 11)	169,343	132,509
Deferred casino contributions (Note 12)	2,523	2,596
	241,196	168,848
DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS (Note 13)	2,391,123	2,334,300
CEBA LOAN (Note 10)	-	40,000
	2,632,319	2,543,148
NET ASSETS		
UNRESTRICTED NET ASSETS	951,305	1,044,901
INTERNALLY RESTRICTED NET ASSETS	150,000	150,000
	1,101,305	1,194,901
	\$ 3,733,624	\$ 3,738,049

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

TRIWOOD COMMUNITY ASSOCIATION
Statement of Revenues and Expenditures
Year Ended June 30, 2023

	2023	2022 <i>Reclassified</i>
REVENUES		
Arena rentals	\$ 371,092	\$ 336,978
Hall rentals	301,196	232,029
Catering	185,841	58,950
Funded programs (Note 14)	119,269	88,302
Gaming	84,673	92,259
Amortization deferred contributions (Note 13)	68,177	85,142
Sports	56,539	63,045
Pub	55,675	75,103
Bar services	42,948	20,223
Interest income	4,322	7,430
Donations	1,775	1,700
	<u>1,291,507</u>	<u>1,061,161</u>
EXPENSES		
Salaries and wages	521,147	509,628
Utilities	227,945	142,879
Catering	149,465	51,558
Amortization	139,770	136,140
Funded programs (Note 14)	95,912	81,081
Repairs and maintenance	66,374	54,644
Insurance	41,093	35,814
Bar service	34,571	68,421
Professional fees	26,748	11,091
Advertising and promotion	26,291	10,988
Administration	24,727	28,488
Bank charges	22,300	17,224
Sports	6,229	9,172
Gaming	2,531	3,843
COVID 19 Expenses	-	169
	<u>1,385,103</u>	<u>1,161,140</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (93,596)</u>	<u>\$ (99,979)</u>

See notes to financial statements

TRIWOOD COMMUNITY ASSOCIATION
Statement of Changes in Net Assets
Year Ended June 30, 2023

	Unrestricted Net Assets	Internally Restricted Net Assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 1,044,901	\$ 150,000	\$ 1,194,901	\$ 1,294,880
DEFICIENCY OF REVENUES OVER EXPENSES	(93,596)	-	(93,596)	(99,979)
NET ASSETS - END OF YEAR	\$ 951,305	\$ 150,000	\$ 1,101,305	\$ 1,194,901

See notes to financial statements

TRIWOOD COMMUNITY ASSOCIATION
Statement of Cash Flows
Year Ended June 30, 2023

	2023	2022 <i>Reclassified</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (93,596)	\$ (99,979)
Items not affecting cash:		
Amortization of property and equipment	139,770	136,140
Amortization deferred contributions	(68,177)	(85,142)
	(22,003)	(48,981)
Changes in non-cash working capital:		
Accounts receivable	(2,592)	38,740
Inventory	(5,929)	(777)
Prepaid expenses	7,669	(10,786)
Accounts payable and accrued liabilities	(4,412)	6,558
Deferred contributions related to operations	36,834	21,756
Deferred contributions related to casino	(73)	(81,482)
Goods and services tax recoverable	(914)	(137)
	30,583	(26,128)
Cash flow from (used by) operating activities	8,580	(75,109)
INVESTING ACTIVITIES		
Purchase of property and equipment	(40,740)	(300,079)
Sale of short-term investments	111,088	90,352
Internally restricted cash	-	(150,000)
Externally restricted cash	73	81,482
	70,421	(278,245)
Cash flow from (used by) investing activities	70,421	(278,245)
FINANCING ACTIVITY		
Deferred capital contributions	233,645	8,815
INCREASE (DECREASE) IN CASH FLOW	312,646	(344,539)
Cash - beginning of year	278,018	622,557
CASH - END OF YEAR	\$ 590,664	\$ 278,018

See notes to financial statements

TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

1. PURPOSE OF THE ASSOCIATION

Triwood Community Association (the "Association") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association strives to enhance the quality of life for its members and the residents of Triwood by promoting and serving the community interest.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Some users may require further information as these statements have not been prepared for general purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash deposits held with Canadian chartered banking institutions, and cheques issued and outstanding.

Inventory

Inventory consists of liquor and concession items. Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Building complex	40 years	straight-line method
Furniture, fixtures and equipment	10 years	straight-line method

The Association regularly reviews its property and equipment to eliminate obsolete items. Government grants are accounted for as deferred contributions and are shown as a liability on the balance sheet. The deferred contributions are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

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

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TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

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

Impairment of Long-Lived Assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value

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. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and short-term debt.

At the end of each reporting period the Association assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment might include significant financial difficulty of the issuer, default or delinquency in interest payments, or bankruptcy. When there is an indication of impairment, the Association determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. Any impairment loss is recognized in the statement of revenues and expenditures in the current period. Impairment losses can be reversed to the extent of the improvement. The amount of the reversal is recognized in the statement of revenues and expenditures in the period the reversal occurs.

Revenue recognition

Triwood Community Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are 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.

Rental and catering fees are recognized as revenue after the hall rental event or arena rental has occurred. Revenues from bar services and cafe are recognized once the product or service has been delivered to the customer, which is usually the same time as the revenue is received. Membership fees and sports fees are recognized as revenue as they are earned and once they have been received or are considered receivable.

Investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

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

Contributed services

The operations of the Association depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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. Estimates include the amortization rates and useful lives of the property and equipment. 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.

4. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

5. RESTRICTED CASH

Restricted cash are funds that have been collected through casino and bingo proceeds and are externally restricted by the Alberta Gaming, Liquor, and Cannabis Commission (AGLC), these funds are combined into a consolidated gaming account. The Association must use the gaming proceeds within 24 months after receiving the proceeds. The Association maintains a separate bank accounts for these funds.

6. SHORT-TERM INVESTMENTS

	2023	2022
5-year Guaranteed investment certificate, bearing interest at 2.45% per annum, maturing on May 1, 2024 with an annual distribution of \$40,000.	\$ 54,356	\$ 92,099
Guaranteed investment certificate, bearing interest at 2.1% per annum, matured on November 8, 2022.	-	73,345
	\$ 54,356	\$ 165,444

7. ACCOUNTS RECEIVABLE

Included in fiscal year-end 2022 accounts receivable is a grant totalling \$108,645. The grant relates to capital improvements made in fiscal 2022 and has been included as a deferred capital contribution. Since the grant was not received prior to the 2022 year-end, the amount has been excluded from the deferred capital contributions in the financing activities under the statement of cash flows. The difference was applied against the accounts receivable in the changes to non-cash working capital.

TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Sports arena and rink	\$ 3,331,034	\$ 1,659,100	\$ 1,671,934	\$ 1,727,167
Community centre	2,368,981	1,372,809	996,172	1,030,204
Arena equipment	142,014	96,214	45,800	45,800
Parking lot	66,932	41,295	25,637	26,750
Baseball diamond	23,662	13,913	9,749	10,340
Building complex	5,932,623	3,183,331	2,749,292	2,840,261
Refrigeration plant	424,189	358,575	65,614	78,019
Furniture and fixtures	324,043	259,696	64,347	59,849
Computer equipment	30,638	20,836	9,802	9,957
Ice resurfacers	27,730	27,730	-	-
Outdoor Rink	13,182	13,182	-	-
	819,782	680,019	139,763	147,825
	\$ 6,752,405	\$ 3,863,350	\$ 2,889,055	\$ 2,988,086

9. INTERNALLY RESTRICTED CASH

Internally restricted cash is determined by the Board of Directors as an operating contingency fund and the use of the funds must be approved by the Directors. The balance of this fund at June 30, 2023 is \$150,000 (2022 - \$150,000).

10. Canadian Emergency Business Account Loan

Canada Emergency Business Account (CEBA) is a loan program up to \$60,000 for which \$20,000 of the loan is forgivable if \$40,000 of the loan is repaid on or before January 18, 2024. On January 19, 2024 the outstanding balance of the account will automatically convert to a 'Non-Revolving Term Loan' with a maturity date of January 18, 2027. Interest of 5% per annum will be charged beginning on January 19, 2024, calculated and payable monthly.

During the year ended June 30, 2021 \$20,000 was recognized as federal grant revenue for the forgivable loan portion as it was determined that the Association intends to pay the loan back in full by January 18, 2024.

TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

11. DEFERRED REVENUE

Included in deferred revenues are the following amounts:

	2023	2022
Rental deposits	\$ 126,744	\$ 96,025
Hall deposits	42,599	36,484
	\$ 169,343	\$ 132,509

12. DEFERRED CASINO CONTRIBUTIONS

	2023	2022
Balance, beginning of year	\$ 2,596	\$ 84,078
Bingo contributions received	10,109	10,777
Casino contributions received	74,491	-
Amounts utilized	(84,673)	(92,259)
	\$ 2,523	\$ 2,596

Amounts spent are in accordance with Alberta Gaming, Liquor, and Cannabis Commission regulations.

13. DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS

Deferred contribution relating to capital assets represents contributions received which were restricted to the acquisition of capital assets. The capital assets have been acquired and the amount of the restricted contribution is recognized in revenue over the useful life of the assets. The amount recognized in revenue on an annual basis is equal to the amount of the amortization expense for the year on the contributed portion of the capital asset.

	2023	2022
Deferred contributions relating to capital assets, beginning of the year	\$ 2,334,300	\$ 2,300,190
Grants	125,000	108,645
Confederation park contribution	-	8,815
Less: amortization of deferred contributions	(68,177)	(83,350)
	\$ 2,391,123	\$ 2,334,300

TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

14. FUNDED PROGRAMS

	2023	2022
REVENUES		
Summer Camp	\$ 72,678	\$ 48,587
Triwood Markets	35,839	27,654
Social Programs	10,752	12,061
	119,269	88,302
EXPENDITURES		
Social programs	(48,959)	(42,731)
Supplies	(25,873)	(22,910)
Volunteer appreciation and stampede breakfast	(16,037)	(11,674)
Triwood Markets - Expense	(5,043)	(3,766)
	(95,912)	(81,081)
Excess of revenues over expenditures	\$ 23,357	\$ 7,221

15. FUTURE OPERATIONS

The Association leases the land on which its building is located. The lease is with the City of Calgary (the City) and expires in 2027.

16. CAPITAL DISCLOSURES

The Association defines capital as amounts included in fund balances.

The Association's objectives when managing capital are:

- i) to maintain a flexible capital structure, including management of complementary capital grants in line with Triwood financial policies which optimises the cost of capital at an acceptable level of risk, considering Triwood's objective of leveraging grant funds with Triwood's own matching funds, in line with lending restrictions from the City of Calgary as per the lease agreement; and
- ii) to maintain stakeholder (Triwood residents, community businesses, the City of Calgary and others) confidence to sustain the future development of the Association.

The Association's manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Association considers its capital structure to include working capital. To maintain or adjust the capital structure, the Association may from time to time adjust its capital spending to manage its current and projected working capital levels.

TRIWOOD COMMUNITY ASSOCIATION
Notes to Financial Statements
Year Ended June 30, 2023

17. 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, 2023.

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 donors and customers. In order to reduce its credit risk, the association requires advanced payments for the majority of its revenues, and only extends credit to those with which the association has an ongoing relationship. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As at June 30, 2023 the Association's allowance for doubtful accounts was \$NIL (2022 - \$NIL). The Association has placed its cash and investments with major financial institutions, Canadian governments and major corporations, from which management believes the risk of loss to be remote.

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 its members, customers, grants and other related sources and accounts payable.

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