

NORTH CENTRAL COMMUNITY ASSOCIATION INC.
FINANCIAL STATEMENTS
MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of
North Central Community Association Inc.

Qualified Opinion

I have audited the accompanying financial statements of North Central Community Association Inc. (the Entity), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, statement of 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 and other explanatory information.

In my opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of North Central Community Association Inc. as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many non-profit organizations, North Central Community Association Inc. derives part of its revenue from membership fees, donations and other fundraising activities, the completeness and classification of which are not susceptible to satisfactory audit verification. Accordingly my verification of these transactions was limited to accounting for the amounts recorded in the records of the Association and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets.

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 Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our 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 Canadian accounting standards for not-for-profit organizations, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 Entity'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 Entity'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 Entity 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.

Regina, Saskatchewan
June 4, 2019



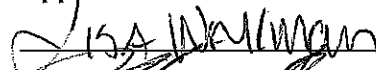
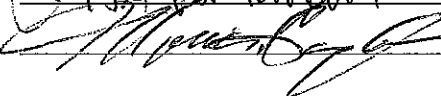
Marcia Herback
CPA, CA

NORTH CENTRAL COMMUNITY ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019
(with comparative figures for 2018)

	2019	2018
ASSETS		
Current assets		
Cash	\$ 194,312	\$ 118,332
Accounts receivable	4,989	10,855
Prepaid expenses	<u>1,645</u>	<u>1,783</u>
	200,946	130,970
Capital assets (Note 3)	<u>435</u>	<u>2,823</u>
	<u>\$ 201,381</u>	<u>\$ 133,793</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,973	\$ 20,814
Government remittances payable	5,929	4,886
Deferred revenue (Note 4)	<u>77,139</u>	<u>46,946</u>
	99,041	72,646
SURPLUS		
Cumulative Surplus	<u>102,340</u>	<u>61,147</u>
	<u>\$ 201,381</u>	<u>\$ 133,793</u>

See accompanying notes

Approved on Behalf of the Board

 Director
 Director

NORTH CENTRAL COMMUNITY ASSOCIATION INC.
STATEMENT OF OPERATIONS AND CUMULATIVE SURPLUS
FOR THE YEAR ENDED MARCH 31, 2019
(with comparative figures for 2018)

	2019	2018
REVENUE		
Program Funding		
Government of Canada	\$ 2,630	\$ 3,158
Government of Saskatchewan	52,852	54,885
Grants		
City of Regina	93,932	90,700
Other Organizations	12,595	61,563
Donations and sponsorships	10,897	3,629
Self Help	<u>154,863</u>	<u>173,701</u>
	<u>327,769</u>	<u>387,636</u>
Expenses		
Bad debt	370	2,223
Salaries and benefits	173,760	242,791
Materials supplies and services	79,802	95,008
General and administration	27,666	35,144
Training & Development	769	598
Travel and vehicle	4,706	8,756
Rent and building expenses	427	11,467
Telecommunications	5,186	6,216
Amortization	2,390	2,726
Loss (gain) on disposal of assets	<u>(8,500)</u>	<u>(13,055)</u>
	<u>286,576</u>	<u>391,874</u>
Surplus (deficit) for the year	41,193	(4,238)
Cumulative surplus, beginning of year	<u>61,147</u>	<u>65,385</u>
Cumulative surplus, end of year	<u>\$ 102,340</u>	<u>\$ 61,147</u>

See accompanying notes

NORTH CENTRAL COMMUNITY ASSOCIATION INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2019
(with comparative figures for 2018)

	2019	2018
Operating activities		
Surplus for the year	\$ 41,193	\$ (4,238)
Items not involving an outlay (receipt) of cash		
Amortization	2,390	2,726
Loss on disposal of property and equipment	<u>(8,500)</u>	<u>(13,055)</u>
	35,083	(14,567)
Net change in non-cash operating working capital balances		
Accounts receivable	5,866	78,412
GST receivable	-	2,972
Prepaid expense	138	8,002
Accounts payable and accrued liabilities	(4,841)	(62,043)
Government remittances payable	1,043	329
Deferred revenue	<u>30,193</u>	<u>(86,313)</u>
Cash provided by (used in) operating activities	<u>67,482</u>	<u>(73,208)</u>
Investing activities		
Additions to property and equipment	-	(1,302)
Proceeds on disposal of property and equipment	<u>8,498</u>	<u>17,619</u>
Cash provided by investing activities	<u>8,498</u>	<u>16,317</u>
Increase (decrease) in cash	75,980	(56,891)
Cash position, beginning of year	<u>118,332</u>	<u>175,223</u>
Cash position, end of year	<u>\$ 194,312</u>	<u>\$ 118,332</u>

See accompanying notes

NORTH CENTRAL COMMUNITY ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

1. Status and nature of the Organization

The purpose of North Central Community Association Inc. is to promote neighbourhood programs for the residents of the community area.

The Association is incorporated under the Non-Profit Corporations Act of Saskatchewan, is a registered charity effective January 29, 1994 and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

North Central Community Association Inc. 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 they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for computer equipment and office furniture and equipment is four years, equipment, tools and vehicles is five years. Full amortization is recorded in the year of purchase.

Financial instruments

The North Central Community Association Inc. initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets subsequently measured at amortized cost include cash, investments and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable.

Management estimates

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 amount of revenues and expenditures 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.

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Computer equipment	\$ 3,848	3,413	\$ 435	\$ 868
Office furniture and equipment	<u>7,309</u>	<u>7,309</u>	-	<u>1,955</u>
	<u>\$ 11,157</u>	<u>10,722</u>	<u>\$ 435</u>	<u>\$ 2,823</u>

NORTH CENTRAL COMMUNITY ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

4. Deferred revenue

Funding received relating to specific projects has been deferred and will be recognized as revenue in the year the related project or event occurs.

Deferred contributions related to tangible capital assets represent the unamortized portion of contributed tangible capital assets and restricted contributions that were used to purchase the Association's capital assets. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized.

5. Financial instruments

North Central Community Association Inc. is exposed to various risks through its financial instruments. The following analysis provides a measure of the North Central Community Association Inc.'s exposure and concentrations at March 31, 2019:

Credit risk

Credit risk arises from the potential that a party may default on their financial obligations, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization is exposed to credit risk with respect to cash and accounts receivable. The Organization manages its credit risk by placing cash and investments with major financial institutions. Credit risk for accounts receivable is managed by the credit quality and diverse debtor base and creating an allowance for bad debts where applicable. There has been no change from credit risk exposure from 2018.

Liquidity risk

Liquidity risk is the risk that the Organization may not be able to meet a demand for cash or fund its obligations as they come due or not being able to liquidate assets in a timely manner at a reasonable price. The Organization is exposed to liquidity risk with respect to its accounts payable but manages its liquidity risk by holding assets that can be readily converted into cash. There has been no change from liquidity risk exposure from 2018.

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk with respect to its cash its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash due to the fact that interest income is not a major percentage of total revenue. There has been no change from interest risk exposure from 2018.

6. Economic dependence

North Central Community Association Inc. receives significant revenue in grants from The City of Regina. As a result, the Association is dependent upon the continuance of these grants to maintain operations at their current level.

7. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.
