

HERITAGE COMMUNITY ASSOCIATION INC.
FINANCIAL STATEMENTS
MARCH 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of
Heritage Community Association Inc.

Management has responsibility for preparing the accompanying financial statements and ensuring that all information on any related reports is consistent with the financial statements. This responsibility includes selecting appropriate accounting policies and making objective judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded, and proper records maintained.

Ultimate responsibility for financial statements to members lies with the Board of Directors.

Independent auditors appointed by the members audit the financial statements. The independent auditors report directly to the members and their report follows. The independent auditors have full and free access to the Board and management to discuss their audit findings as to the integrity of the organization's financial reporting and the adequacy of the system of internal controls.

President

Treasurer

◆

INDEPENDENT AUDITOR'S REPORT

To the Members of
Heritage Community Association Inc.

I have audited the accompanying financial statements of Heritage Community Association Inc., which comprise the statement of financial position as at March 31, 2018 and the statements of operation and cumulative surplus and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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.

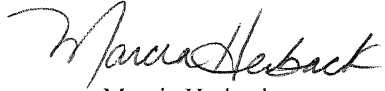
Basis of Qualified Opinion

In common with many non-profit organizations, Heritage Community Association Inc. derives part of its revenue from the general public, 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 organization and I was not able to determine whether any adjustments might be necessary to the revenues, statement of operations, assets and net assets

Qualified Opinion

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 Heritage Community Association Inc. as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Regina, Saskatchewan
June 18, 2018


Marcia Herback
CPA, CA

HERITAGE COMMUNITY ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018
(with comparative figures for the year ended March 31, 2017)

| | 2018 | 2017 |
|--------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 111,648 | \$ 198,420 |
| Restricted reserve fund | 53,502 | 53,169 |
| Accounts receivable | 7,823 | 2,728 |
| Prepaid expense | <u>1,328</u> | <u>1,147</u> |
| | 174,301 | 255,464 |
| Capital assets (Note 3) | 2,396 | 2,573 |
| Investment (Note 4) | <u>30,000</u> | <u>-</u> |
| | <u>\$ 206,697</u> | <u>\$ 258,037</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | \$ 3,312 | \$ 1,515 |
| Deferred revenue (Note 5) | <u>30,838</u> | <u>81,965</u> |
| | 34,150 | 83,480 |
| NET ASSETS | | |
| Cumulative surplus | <u>172,547</u> | <u>174,557</u> |
| | <u>\$ 206,697</u> | <u>\$ 258,037</u> |

See accompanying notes

Approved on Behalf of the Board

_____ Director

_____ Director

HERITAGE COMMUNITY ASSOCIATION INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2018
(with comparative figures for the year ended March 31, 2017)

| | <u>2018</u> | <u>2017</u> |
|--------------------------------------|-------------------|-----------------|
| REVENUE | | |
| City of Regina grant | \$ 55,000 | \$ 55,000 |
| Donations | 1,983 | 627 |
| Projects (Schedule 1) | 68,510 | 42,176 |
| Interest and miscellaneous income | <u>2,226</u> | <u>2,531</u> |
| | <u>127,719</u> | <u>100,334</u> |
| EXPENDITURES | | |
| Accounting and legal | 2,942 | 3,693 |
| Amortization | 883 | 671 |
| Annual general and board meetings | 2,253 | 1,116 |
| Community consultations | 75 | 330 |
| Insurance | 1,544 | 1,533 |
| Interest and bank charges | 199 | 454 |
| Newsletter | 1,838 | 2,548 |
| Office supplies | 394 | 394 |
| Photocopying | 21 | 115 |
| Projects (Schedule 2) | 64,086 | 35,237 |
| Repairs and maintenance | 2,109 | 342 |
| Salaries and benefits | 49,794 | 48,429 |
| Telephone | 2,231 | 2,109 |
| Utilities | <u>1,361</u> | <u>1,711</u> |
| | <u>129,730</u> | <u>98,682</u> |
| Excess of revenues over expenditures | <u>\$ (2,011)</u> | <u>\$ 1,652</u> |

See accompanying notes

HERITAGE COMMUNITY ASSOCIATION INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018
(with comparative figures for the year ended 2017)

| | <u>Restricted Reserve Fund</u> | <u>Operating</u> | <u>2018</u> | <u>2017</u> |
|----------------------------------|--|------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 52,591 | 121,967 | \$ 174,558 | \$ 172,905 |
| Excess of revenues over expenses | <u>2,889</u> | <u>(4,900)</u> | <u>(2,011)</u> | <u>1,652</u> |
| Balance, end of year | <u>\$ 55,480</u> | <u>117,067</u> | <u>\$ 172,547</u> | <u>\$ 174,557</u> |

See accompanying notes

HERITAGE COMMUNITY ASSOCIATION INC.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2018
(with comparative figures for the year ended March 31, 2017)

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Operating activities | | |
| Excess of revenues over expenditures | \$ (2,011) | \$ 1,652 |
| Amortization | <u>883</u> | <u>671</u> |
| | (1,128) | 2,323 |
| Net change in non-cash operating working capital balances | | |
| Accounts receivable | (5,095) | (952) |
| Prepaid expense | (181) | (94) |
| Accounts payable | 1,797 | (3,964) |
| Deferred revenue | <u>(51,127)</u> | <u>58,502</u> |
| Cash provided by (used in) operating activities | <u>(55,734)</u> | <u>55,815</u> |
| Investing activities | | |
| Additions to investments | (30,000) | - |
| Additions to capital assets | <u>(705)</u> | <u>-</u> |
| Cash provided by (used in) investing activities | <u>(30,705)</u> | <u>-</u> |
| Increase (decrease) in cash | (86,439) | 55,815 |
| Cash position, beginning of year | <u>251,589</u> | <u>195,774</u> |
| Cash position, end of year | <u>\$ 165,150</u> | <u>\$ 251,589</u> |
| Cash represented by: | | |
| Cash | \$ 111,648 | \$ 198,420 |
| Restricted reserve fund | <u>53,502</u> | <u>53,169</u> |
| | <u>\$ 165,150</u> | <u>\$ 251,589</u> |

See accompanying notes

**HERITAGE COMMUNITY ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

1. Status and nature of activities

The primary purpose of Heritage Community Association Inc. is to provide relevant needs-based programs, services and support for the residents of the community to help create a healthy community environment. The association became a registered charity effective January 17, 2008 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

The association follows the deferral method of accounting for contributions. Grants are recorded as revenue in the fiscal period for which the monies were approved by the funding association. Grants received in advance of the period for which they are to be used are recorded as deferred grant revenue.

Reserve fund

The Board of Directors has established a restricted reserve fund to ensure the stability of the mission, programs, employment and ongoing operations of the organization. The restricted funds have been set aside for capital purchases, one-time budgeted expenses, legal labour obligations or an unanticipated loss in funding. The assets of the reserve are accounted for separately and the use of the assets are subject to restrictions set out in the Reserve Policy and by the Board of Directors.

Tangible capital assets

Amortization of tangible capital assets is provided for using the diminishing balance method.

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>2018 Net Book Value</u> | <u>2017 Net Book Value</u> | <u>Rate</u> |
|-------------------|------------------|-------------------------------------|------------------------------------|------------------------------------|-------------|
| Office equipment | \$ 11,117 | 11,030 | \$ 87 | \$ 127 | 30% |
| Equipment | 24,385 | 22,429 | 1,956 | 2,446 | 20% |
| Computer software | 2,493 | 2,140 | 353 | - | 100% |
| | <u>\$ 37,995</u> | <u>35,599</u> | <u>\$ 2,396</u> | <u>\$ 2,573</u> | |

HERITAGE COMMUNITY ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

4. **Investment**

Investments consist of a 3 year term deposit of \$20,000 with an interest rate of 1.35% and a maturity date of February 21, 2019 and a 4 year term deposit of \$10,000 with an interest rate of 1.6% and a maturity date of February 21, 2019.

5. **Deferred revenue**

Deferred revenue consists of revenue that will be recognized in the year the related expenditures occur.

| | <u>2018</u> | <u>2017</u> |
|--|------------------|------------------|
| City of Regina | \$ - | \$ 55,000 |
| Program funding | 7,370 | - |
| University of Regina | - | 3,000 |
| RPIRG | - | 500 |
| The Estate of Ray Nelson donated funds | 23,465 | 23,465 |
| | <u>\$ 30,835</u> | <u>\$ 81,965</u> |

6. **Financial instruments**

Heritage Community Association Inc. is exposed to various risks through its financial instruments. The following analysis provides a measure of the Heritage Community Association Inc.'s exposure and concentrations at March 31, 2018:

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 2017.

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 2017.

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 2017.

7. **Economic dependence**

Heritage 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.

8. **Comparative figures**

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

HERITAGE COMMUNITY ASSOCIATION INC.
SCHEDULES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(with comparative figures for the year ended March 31, 2017)

| | 2018 | 2017 |
|--------------------------------|------------------------|-------------------|
| | PROJECT REVENUE | Schedule 1 |
| Good Neighbour Community Grant | 1,852 | - |
| Harvest Moon Festival | 16,615 | 15,695 |
| Heritage t-shirts | 280 | 525 |
| Kids cooking class | 2,208 | 4,111 |
| Learn to Skate | - | 2,964 |
| Let's Move | 10,800 | - |
| Movin' On Up | 1,285 | 5,294 |
| Mural project | 17,654 | - |
| On The Move | 1,209 | 5,294 |
| REACH Into Parks | - | 5,750 |
| Tai Chi | 1,099 | - |
| Two Spirit Youth group | 15,508 | - |
| Yoga | - | 2,543 |
| | <u>\$ 68,510</u> | <u>\$ 42,176</u> |

| | 2018 | 2017 |
|--------------------------|------------------------|-------------------|
| | PROJECT EXPENSE | Schedule 2 |
| Good Neighbour Program | 5,495 | - |
| Harvest Moon Festival | 15,589 | 11,049 |
| Heritage T-shirts | (50) | 1,481 |
| Kids cooking class | 1,996 | 1,214 |
| Let's move | 10,137 | - |
| Movin' on up | - | 6,634 |
| Mural project | 16,681 | - |
| On The Move | - | 6,896 |
| REACH into parks | - | 4,896 |
| Tai Chi | 1,099 | - |
| Two Spirit Youth Program | 13,109 | - |
| Yoga | 30 | 3,067 |
| | <u>\$ 64,086</u> | <u>\$ 35,237</u> |
