

**CANMORE SENIORS ASSOCIATION**  
Financial Statements  
June 30, 2017  
(Unaudited)

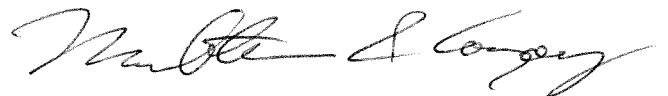
**REVIEW ENGAGEMENT REPORT**

**To the Members of Canmore Seniors Association**

I have reviewed the statement of financial position of Canmore Seniors Association as at June 30, 2017 and the statements of operations and changes in fund balances and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the organization.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.



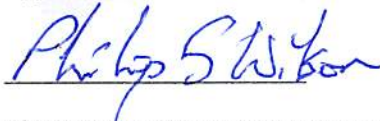
Chartered Accountant

Banff, Alberta  
September 11, 2017

CANMORE SENIORS ASSOCIATION  
Statement of Financial Position  
As at June 30, 2017  
(unaudited)

	2017		2016	
	General Fund	Reserve Fund (note 5)	Total	Total (restated)
<b>Assets</b>				
<b>Current Assets</b>				
Cash & cash equivalents (note 6)	\$18,703	\$19,258	\$37,961	\$65,022
Term deposits - redeemable (note 7)	50,000	-	50,000	-
Accrued interest	187	-	187	-
Recoverable portion of GST	452	-	452	1,378
Accounts receivable	98	-	98	90
Prepaid expenses	-	-	-	81
	<u>69,440</u>	<u>19,258</u>	<u>88,698</u>	<u>66,571</u>
<b>Long-term Investments</b>				
Term deposits - non-redeemable (note 8)	-	250,763	250,763	276,571
Accrued interest	-	527	527	2,680
	<u>-</u>	<u>251,290</u>	<u>251,290</u>	<u>279,251</u>
	<u>\$69,440</u>	<u>\$270,548</u>	<u>\$339,988</u>	<u>\$345,822</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable & accrued liabilities	\$6,507	\$-	\$6,507	\$6,337
Hall rental deposits & deferred revenue (note 9)	8,640	-	8,640	5,700
Deferred revenue - member fees	14,000	-	14,000	12,975
Deferred contributions (note 10)	3,102	-	3,102	10,307
	<u>32,249</u>	<u>-</u>	<u>32,249</u>	<u>35,319</u>
<b>Fund Balances</b>				
Internally restricted	-	270,548	270,548	156,229
Unrestricted	37,191	-	37,191	154,274
	<u>37,191</u>	<u>270,548</u>	<u>307,739</u>	<u>310,503</u>
	<u>\$69,440</u>	<u>\$270,548</u>	<u>\$339,988</u>	<u>\$345,822</u>

Approved on Behalf of the Board:





The accompanying notes are an integral part of these financial statements.

CANMORE SENIORS ASSOCIATION  
 Combined Statements of Operations and Changes in Fund Balances  
 Year ended June 30, 2017  
 (unaudited)

	2017			2016
	General Fund	Reserve Fund (note 5)	Total	Total (restated)
<b>REVENUES</b>				
Rental	\$25,825	\$-	\$25,825	\$24,966
Member fees	20,950	-	20,950	17,700
Events & activities	12,480	-	12,480	16,986
Casino (note 10)	9,156	-	9,156	38,104
Donations	3,235	-	3,235	4,100
Interest and other	412	3,873	4,285	4,038
	<b>72,058</b>	<b>3,873</b>	<b>75,931</b>	<b>105,894</b>
<b>EXPENSES</b>				
<b>Property</b>				
Janitorial service & supplies	16,479	-	16,479	18,584
Capital assets (note 11)	8,031	7,266	15,297	7,865
Utilities	8,830	-	8,830	9,228
Repairs and maintenance	10,164	2,288	12,452	18,983
	43,504	9,554	53,058	54,660
<b>Program Delivery</b>				
Events & activities	10,301	-	10,301	15,403
Hospitality	2,127	-	2,127	1,091
	12,428	-	12,428	16,494
<b>General &amp; Administrative</b>				
Office	5,088	-	5,088	4,099
Professional fees	3,284	-	3,284	5,714
Telephone / internet / cable TV	2,292	-	2,292	4,174
Insurance	1,337	-	1,337	1,221
Non-recoverable portion of GST	1,208	-	1,208	1,378
	13,209	-	13,209	16,586
	69,141	9,554	78,695	87,740
<b>Excess (deficiency) of Revenue over Expenses</b>	<b>2,917</b>	<b>(5,681)</b>	<b>(2,764)</b>	<b>18,154</b>
Fund Balances, opening (as originally reported)	456,570	156,229	612,799	613,938
Change in accounting policy (note 3)	(305,509)	-	(305,509)	(321,589)
Correction of errors (note 4)	3,213	-	3,213	-
Fund Balances, opening (as restated)	154,273	156,229	310,503	292,349
Inter-fund transfers (note 5)	(120,000)	120,000	-	-
Fund Balances, closing	\$37,191	\$270,548	\$307,739	\$310,503

*The accompanying notes are an integral part of these financial statements.*

CANMORE SENIORS ASSOCIATION  
Statement of Cash Flows  
Year Ended June 30, 2017  
(unaudited)

	<b>2017</b>			<b>2016</b>
	<b>General Fund</b>	<b>Reserve Fund (note 5)</b>	<b>Total</b>	<b>Total (restated)</b>
<b>OPERATING ACTIVITIES</b>				
Excess (deficiency) of Revenue over Expenses	\$2,917	\$(5,681)	\$(2,764)	\$18,154
Net changes in non-cash working capital:				
Accrued interest	(187)	2,153	1,966	(118)
Recoverable portion of GST	926	-	926	1,383
Accounts receivable	(8)	-	(8)	(30)
Prepaid expenses	81	-	81	(81)
Accounts payable & accrued liabilities	170	-	170	763
Hall rental deposits & deferred revenue	2,940	-	2,940	1,387
Deferred revenue – member fees	1,025	-	1,025	2,535
Deferred contributions	(7,205)	-	(7,205)	9,982
	<b>659</b>	<b>(3,528)</b>	<b>(2,869)</b>	<b>33,975</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of redeemable term deposits	(50,000)	-	(50,000)	-
Redemption of non-redeemable term deposits	-	226,571	226,571	242,459
Purchase of non-redeemable term deposits	-	(200,763)	(200,763)	(242,686)
	<b>(50,000)</b>	<b>25,808</b>	<b>(24,192)</b>	<b>(227)</b>
Increase (decrease) in cash	<b>(49,341)</b>	<b>22,280</b>	<b>(27,061)</b>	<b>33,748</b>
Cash & cash equivalents, opening	65,022	-	65,022	31,274
Inter-fund cash transfer	3,022	(3,022)	-	-
Cash & cash equivalents, closing	\$18,703	\$19,258	\$37,961	\$65,022

*The accompanying notes are an integral part of these financial statements.*

CANMORE SENIORS ASSOCIATION  
Notes to Financial Statements  
June 30, 2017  
(unaudited)

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**1. History and purpose of the organization**

The Canmore Committee on Aging was incorporated under the Societies Act of Alberta on July 29, 1976 and changed its name in December 1982 to Canmore Seniors Association (hereinafter referred to as CSA). CSA is a registered charity within the meaning of the Income Tax Act (Canada). CSA is an Alberta Gaming and Liquor Commission (AGLC) licensee and has received gaming proceeds from Casinos approximately every three years and has conducted 50/50 raffles.

The CSA represents and serves the senior citizens of the Canmore area and organizes activities for the edification and entertainment of its members, aged 55 or older, and operates the Seniors Drop-in Centre in Canmore, Alberta. Activities include indoor and outdoor sporting and fitness activities, lifelong learning presentations, socials and bus trips. A sub-group called Meanderthals started in 1993 and focuses on hiking, cross-country skiing and snow shoeing.

The CSA runs most of its activities for its members from the CSA Drop-In Centre (Centre). The CSA constructed the original building (later called "Townside"), which officially opened in January 1980, on a large parcel of land donated by the Town of Canmore (TOC) and bordering on 9<sup>th</sup> street to the North and between 7<sup>th</sup> avenue and the Policeman's Creek. The land was donated under the terms of a 49 year lease. Part of the original building was used for a period of time as the Town Library and Town offices. The Centre is rented out to third parties when not in use by CSA members.

The original Centre could only accommodate 120 people and consequently the Creekside expansion began in October 2000 and was completed in April 2002. The total cost of the building and the renovations was just over \$500,000 not including a large amount of volunteer hours.

Effective June 1, 2016, the CSA and the TOC entered into a new 49 year lease with rent fixed at \$1 per year and which expires on May 31, 2065. Under the terms of the lease, the TOC is responsible for all the outside maintenance of the whole building and the CSA is responsible for all of the inside maintenance and repair including all mechanical systems servicing the Centre. On the expiry or earlier termination of the lease, CSA will surrender the leased premises to the TOC.

**2. Summary of significant accounting policies**

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

*a) Fund accounting*

The CSA uses fund accounting to track its general fund and its reserve fund. The reserve fund is an internally restricted fund, created by the board, and is used to track the assets, liabilities, revenues and expenses of the CSA Centre. All other assets, liabilities, revenues and expenses that are not designated as a part of the reserve fund are unrestricted and a component of the general fund. The general fund accounts for the program delivery, administrative activities, unrestricted resources and restricted contributions.

*b) Revenue Recognition*

CSA follows the deferral method of accounting for contributions. Restricted contributions are deferred and 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.

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Revenue is deferred for membership fees when the revenue is received in advance of CSA's June 30 fiscal year end.

Casino funds are deferred and revenue is recognized when expenditures are incurred and which meet the use of proceeds regulations of the Alberta Gaming and Liquor Commission.

*c) Cash and cash equivalents*

Bank balances, credit union shares and term deposits with a maturity period of three months or less from the date of acquisition are presented as cash and cash equivalents.

*d) Capital Assets*

Capital assets are recorded as expenses in the year they are acquired (see note 3 for change in accounting policy).

*e) Financial instrument measurement*

The organization's financial instruments consist of cash, term deposits, accounts receivable and accounts payable and accrued liabilities. The financial instruments are initially recorded at fair value and then measured at amortized cost at subsequent balance sheet dates.

*f) Contributed Services*

Due to the difficulty in determining their fair value, contributed services (e.g., hours of service provided by volunteers) are not recognized in these financial statements.

**3. Change in accounting policy**

During the current fiscal year ended June 30, 2017, the directors of CSA changed its accounting policy relating to capital assets. Section 4431 of Part III of the Chartered Professional Accountant (CPA) Canada Accounting Handbook entitled "Tangible capital assets held by not-for-profit organizations" allows for the expensing, with additional note disclosure, of all capital assets when gross revenues of the organization are \$500,000 or less. The directors concluded that this change in accounting policy was more meaningful and useful presentation for CSA because most of the capital assets were historical amounts and related to the building, which is now defined as leasehold improvements under the lease with the TOC and the annual amortization expense was a non-cash historical amount and was not useful in managing current operations and cash resources.

Below is a summary of the fiscal 2016 and 2015 capital assets which were impacted by the change in accounting policy:

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$617,635	\$340,705	\$276,930	\$291,505
Landscaping	70,752	42,173	28,579	30,084
Equipment	3,466	3,466	-	-
	\$691,853	\$386,344	\$305,509	\$321,589

Note that the sole difference between the 2016 and 2015 net book value is the amortization expense of \$16,080 (which amount was also restated from the 2016 statement of operations). Note also that the change in accounting policy has been applied retroactively and accordingly no comparative amounts are relevant for the 2017 fiscal year.

CANMORE SENIORS ASSOCIATION  
Notes to Financial Statements  
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**4. Correction of errors**

During the current fiscal year ended June 30, 2017, accounting errors were discovered in the 2016 financial statements and are summarized in the table below:

	As reported	As restated	Increase (decrease)
a) Hall rental deposits & deferred revenue	\$9,913	\$5,700	(\$4,213)
Rental revenue	20,753	24,966	4,213
b) Deferred contributions	-	1,000	1,000
Donations revenue	5,100	4,100	(1,000)

The net impact of the correction to the 2016 financial statements is a decrease of current liabilities and a corresponding increase in revenues and net assets in the amount of \$3,213.

**5. Reserve fund**

The CSA has set up a reserve fund to allow it to meet its obligations under article 8.02 of the lease between the TOC and the CSA (in particular article 8.02 (c) - establish and maintain sufficient funds for the purposes of ongoing maintenance of the leased premises). An engineering reserve study was completed by the TOC in 2015 and the CSA board of directors have reviewed the study and an extrapolation of estimated future costs over the full 49 year term of the lease and which total almost \$1.25 million. In order to fund this future cost, the board plans to transfer approximately \$20,000 each year from the general fund to the reserve fund. Key assumptions in the future cost estimate include an average inflation rate of 2.0% and an average investment rate of 1.50%.

The estimated interior maintenance costs for the next five years is approximately \$130,000.

In fiscal 2017, the board of directors specifically designated that the non-redeemable term deposits are assets of the reserve fund to be used for funding this future obligation.

Accordingly, all of the interest income earned on the non-redeemable term deposits is designated as revenue for the reserve fund.

During the year, the board authorized a transfer from the general fund to the reserve fund in the amount of \$120,000 which includes \$20,000 as described above plus \$100,000 to catch up for past unfunded years.

**6. Cash and cash equivalents**

Cash and cash equivalents are comprised of the following balances:

	2017			2016
	General Fund	Reserve Fund	Total	Total
Bank balance - general	\$17,969	\$19,258	\$37,227	\$54,313
Bank balance - casino	152	-	152	10,280
Petty cash	107	-	107	28
Credit Union shares	475	-	475	401
	<u>\$18,703</u>	<u>\$19,258</u>	<u>\$37,961</u>	<u>\$65,022</u>

The general bank account is shared by the general fund and the reserve fund. The casino account is restricted cash relating to AGLC casino gaming funds and can only be used for specific charitable purposes as defined by the AGLC (note that revenue is recognized when the funds are spent – see note 2b and 10).



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**7. Term deposits (redeemable)**

The redeemable term deposits are comprised of two \$25,000 investments and are redeemable 30 days after issue. Both have a one-year term expiring in November 2017 and January 2018, respectively. Interest has been accrued at 0.8% and 0.7%, respectively, on the two term deposits.

**8. Term deposits (non-redeemable)**

All of the non-redeemable term deposits (not redeemable prior to the maturity date) have been designated by the board of directors as assets of the reserve fund and are to be used to fund the future building interior maintenance costs. Interest is compounded after each annual anniversary date for multi-year deposits and interest has been accrued on each term deposit since the last annual anniversary date of the investment. The current portion of the term deposits are not shown as current assets because the board of directors intend to renew each of the term deposits for a term greater than one year.

Below are the details of the term deposits as at June 30, 2017:

Maturity date	Term (months)	Interest rate	Amount
August, 2017	16	1.40%	\$25,350
December, 2017	12	0.90%	25,000
June, 2018	18	1.30%	25,000
October, 2018	30	1.65%	25,413
October, 2018	16	1.50%	50,000
June, 2020	36	1.75%	<u>100,000</u>
			<u>\$250,763</u>

**9. Hall rental deposits and deferred revenue**

The Centre is rented out when it is not in use by its members. Hall rental deposits and deferred revenue is comprised of the following amounts:

	<u>2017</u>	<u>2016</u> (restated)
Damage deposits	\$5,595	\$825
Deferred revenue	<u>3,045</u>	<u>4,875</u>
	<u>\$8,640</u>	<u>\$5,700</u>

The damage deposits are refunded back to the renters after their event has occurred and the deferred revenue is recognized in the month in which the hall rental event occurs. The 2016 amounts have been restated (see note 4 for correction of error).

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**10. Deferred contributions**

The following contributions are restricted by regulation or by the donor and relate to expenses planned for the next fiscal year. Changes in the deferred contribution balances are summarized below:

	2017	2016
Balance, beginning of year, as originally reported	\$9,307	\$325
Correction of error (see note 4)	1,000	-
Balance, beginning of year, as restated	10,307	325
Add: casino funds received	-	47,086
Add: amount received for computer training	-	1,000
Add: amount received for Canada 150 celebration	1,950	-
Deduct: revenue recognized from casino funds	(9,155)	(38,104)
Balance, end of year	<u>\$3,102</u>	<u>\$10,307</u>

The deferred contribution balances are comprised of (note that the 2016 balance has been restated - see note 4 for correction of error):

	2017	2016
Casino gaming funds	\$152	\$9,307
Computer training (Rotary Club of Canmore)	1,000	1,000
Canada 150 celebration (Rotary Club of Canmore)	1,950	-
	<u>\$3,102</u>	<u>\$10,307</u>

**11. Capital assets**

The following capital asset expenditures were incurred and expensed:

	2017		2016	
	General Fund	Reserve Fund	Total	Total
Bathroom (barrier free)	\$-	\$5,236	\$5,236	\$4,094
Boardroom furniture / paint	4,100	-	4,100	-
Floor cleaner	3,931	-	3,931	-
Kitchen renovation	-	2,030	2,030	-
Heating unit (replacement)	-	-	-	3,771
	<u>\$8,031</u>	<u>\$7,266</u>	<u>\$15,297</u>	<u>\$7,865</u>

The capital assets from prior years are now not shown on the statement of financial position and are comprised of building and the landscaping (see note 3 for change in accounting policy and details relating to these assets).

CANMORE SENIORS ASSOCIATION  
Notes to Financial Statements  
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(unaudited)

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**12. Financial Instruments**

The fair value of cash, accounts receivables, and accounts payable and accrual liabilities approximate their carrying amount because of the short-term nature of these instruments. The fair value of term deposits approximates their amortized cost based on current interest rates offered for similar terms.

The organization is exposed to various risks through its financial instruments and in light of the straightforward nature of CSA's operations and the policies in place to manage risk, the exposure to liquidity and interest risks arising from these financial instruments is low as explained more fully below. CSA is not exposed to credit, currency, market, and other price risks.

Liquidity risk is low because cash and term deposits are held by a credit union and are fully guaranteed by the Alberta Credit Union Deposit Guarantee Corporation.

Interest rate risk arises because the non-redeemable term deposits were issued at fixed interest rates and changes in market interest rate affect the fair value of these financial instruments. The CSA mitigates this risk by purchasing term deposits with varying maturity dates as outlined in note 8.

**13. Capital**

The CSA's objectives when managing capital are to ensure that sufficient capital is maintained so that the entity remains solvent and can fulfill its stated goals. The CSA manages its capital by preparing an annual budget and monitoring actual results against the budget on a monthly basis. The CSA's liquidity is limited to its cash balances and to any redeemable and non-redeemable term deposits that are maturing in the current year. The CSA cannot incur any bank debt without getting approval from its members.

**14. Comparative figures**

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

**15. Contingency**

In response to revised bylaws filed with the Canada Revenue Agency (CRA) in December 2015, the CRA finally advised the CSA, in January 2017, that the purpose of the organization included in the amended bylaws was different than the original documents filed in 1976 and that any change in bylaws and purpose of the organization requires approval by the Charities Directorate. The CRA further advised the CSA to continue to operate under its original bylaws and that any change in purpose needs to meet the definition of charitable activities as defined under the Income Tax Act and any unapproved change in purpose could put its registered status in jeopardy.

The CSA has responded to the CRA and has provided detailed documentation of its purpose and is still awaiting a response back from CRA. The CSA does not believe that its purpose has changed in any substantive manner and the CSA does not believe that its status as a registered charity is in jeopardy.